



REVIEW OF IMPLEMENTATION OF THE DECENTRALIZATION POLICY

FINAL REPORT

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**Management Systems International
Uganda**

**Management Systems International
Corporate Offices**
600 Water Street, SW
Washington, DC 20024

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DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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This report contains the views of the team, which may not necessarily correspond to the views of USAID or MEMS. Opinions and errors can therefore only be attributed to the authors.

Allen Kebba

Paschal Ntanda

CONTENTS

ACKNOWLEDGEMENTS	I
ACRONYMS.....	III
EXECUTIVE SUMMARY	V
A. BACKGROUND	1
B. REVIEW PURPOSE AND SCOPE	2
C. REVIEW METHODOLOGY.....	3
D. FINDINGS	4
Understanding the Structure and Functions of Local Governments under Decentralization in Uganda.....	5
Relationships between the Central Government and Higher and Lower Local Governments.....	7
The Private Sector's role in Local Government service delivery.....	8
The Effectiveness of Decentralisation.....	9
E. CONCLUSIONS	20
Broad Conclusions Reached Concerning Decentralization in Uganda.....	20
Detailed Conclusions and Implications for USAID Project Interventions in Support of Decentralization.....	23
F. RECOMMENDATIONS	26
USAID Effort and LGs.....	27
G. LESSONS LEARNED	28
H. ANNEXES	29

ANNEXES

Annex 1 Scope of Work for the Special Study on Progress in Decentralization in Uganda	30
Annex 2 Evaluation Methodology	39
Annex 3 Map of Uganda	47
Annex 4 Bibliography	48

ACRONYMS

ABC	Abstinence, Be Faithful & Condom Use
ACCA	Association of Chartered and Certified Accountants
ACP	AIDs Control Project
ADB	African Development Bank
AIC	AIDs Information Center
AIDS	Acquired Immuno Deficiency Syndrome
AIM	AIDS Integrated Model (District programme)
AMREF	African Medical Research Foundation
CAO	Chief Administration Officer
CBOs	Community Based Organizations
CG	Central Government
CHAI	Community HIV AIDS Initiatives
CSOs	Civil Society Organizations
CTS	Counseling and Testing Services
DANIDA	Danish International Development Agency
DDP	District Development Project
DDSG	Decentralisation Donor Sub Group
DHAC	District HIV AIDS Committee
DHATF	District HIV AIDS Task Force
DLG	District Local Government
DSC	District Service Commission
FBOs	Faith Based Organizations
FDS	Fiscal Decentralisation Strategy
FPAU	Family Planning Association of Uganda
HIV	Human Immuno-deficiency Virus
HLG	Higher Local Government
HSSP	Health Sector Support Program
IDP	Internally Displaced People
IEC	Information Education and Communication
IGG	Inspector General of Government
IPC	Implementing Policy Change Project
JARD	Joint Annual Review of Decentralization
LG	Local Government
LGC	Local Government Council
LGDP	Local Government Development Program
LGDSC	Local Government District Service Commission
LGLC	Local Government Lands Committee
LGPAC	Local Government Public Accounts Committee
LGTB	Local Government Tender Board
LLC	Lower Local Council
LLG	Lower Local Government
LRE	Local Revenue Enhancement
MEMS	Monitoring and Evaluation Management Services
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance Planning and Economic Development
MoH	Ministry of Health
MoLG	Ministry of Local Government

MTEF	Medium Term Expenditure Framework
NGOs	Non Governmental Organizations
O&M	Operations and Management
OVC	Orphans and Vulnerable Children
PAC	Public Accounts Committee
PAF	Poverty Alleviation Funds
PEAP	Poverty Eradication Action Plan
PFAA	Public Finance and Accountability Act 2003
PLWA	People Living With Aids
PMMIS	Performance Monitoring and Management Information Systems
PMTCT	Prevention of Mother to Child Transmission
PPA	Program Priority Areas
PS	Private Sector
RFP	Request For Proposals
SC	Sub County
SDU I	Strengthening Decentralization in Uganda Phase I
SDU II	Strengthening Decentralization in Uganda Phase II
SO7	Strategic Objective 7
SO9	Strategic Objective 8
STIs	Sexually Transmitted Infections
TASO	The AIDS Support Organization
TB	Tuberculosis
TPC	Technical Planning Committee
ULGA	Uganda Local Government Association
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UPE	Universal Primary Education
UPHOLD	Uganda Program for Human and Holistic Development
USAID	United States Agency for International Development
VCT	Voluntary Counseling and Testing

EXECUTIVE SUMMARY

Uganda's decentralization reform was premised on Government's long-term commitment to enhance political and social harmony, economic growth and poverty alleviation. In 1994, the Ministry of Local Government summarized the decentralization policy objectives as: a democratic reform, designed to transfer political, administrative, financial and planning authority from the center to Local Governments Councils; promotion of popular participation; empower people to make own decisions and enhance accountability and responsibility. It also aims at introducing efficiency and effectiveness in the generation and management of resources and the delivery of services.

The decentralization policy transfers wide-ranging political and administrative powers to sub-national governance units, with the exact menu of functions and services that fall within the ambit of LGs specified in the second schedule of the Local Governments Act, 1997.

Implementation of the decentralization policy has been underway in Uganda for about seven years, and a growing body of evidence suggests that greater local participation in decision-making and resource allocation, is improving the quality, coverage and accessibility of key public services. However, in spite of all the significant achievements registered, implementation of the decentralization policy in Uganda remains constrained by a number of challenges, which if not addressed, have the potential to significantly impede continued progress and undermine the achievements registered to date. Key among the challenges, are the residual capacity gaps amongst local government elected and appointed functionaries; inability to effectively mobilize and generate local revenues for sustainable service delivery; as well as the widely alleged incidents of corruption.

It is in response to these challenges, that USAID/Uganda through Monitoring and Evaluation Management Services project (MEMS, a project funded by USAID and responsible for monitoring and evaluating USAID supported projects), commissioned a study to review the implementation of the decentralization policy, document experiences, challenges, achievements and identify best practices.

The scope of the assignment as prepared by MEMS in collaboration with USAID/Uganda covers the following parameters:

1. Local Government functionaries and citizens' understanding of the concept of decentralization and how this has influenced its implementation.
2. The effectiveness of the implementation of the decentralization policy.
3. The role of the private sector in decentralization.
4. The adequacy of local government HIV/AIDS delivery systems.
5. The manner in which corruption has impeded local government service delivery operations
6. The role of the local governments in local economic development

The findings revealed among other things that the perceptions of the respondents about the policy varied according to the different governance levels and also depicted regional variations. Respondents at Higher Local Government (HLG) level observed that decentralization was becoming more of an 'intensified' battle between elected and appointed officials for control, allocation or utilization of resources. However, significant achievements have been registered in the exercise of political, administrative and financial

powers over resources and delivery of services and respondents pointed out that there was increased involvement of beneficiary communities in the determination of their needs and priorities.

Whilst significant achievements had been registered in the functionality of LGs over the last ten years, several challenges have emerged which have the potential to undermine the gains achieved. Some of the challenges include conflicts between different stakeholders; nepotism; inability to appreciate the role of the private sector in the implementation of the decentralization policy; amongst others.

Furthermore significant involvement or participation by communities in planning and implementation of the policy and the attendant programs was still elusive, and was mostly attributed to the past ‘meeting culture’, which provided monetary incentives for participation in meetings. Participation has also been hampered by widespread capacity gaps, in the documentation of the planning process, issues of integration of gender, contract management and supervision and the whole area of compliance to laws, regulations and procedures. Communication channels are poor and in some areas even lacking, which impairs flow of information on decisions taken on issues that affect them.

The relationships between the various levels of Government have been undermined by mutual suspicion and more needs to be done to support and promote autonomy of local authorities as enshrined in the policy and legal frameworks. The private sector has become a critical player in the implementation of the decentralization policy and more could be done to enhance their capacities. In addition, a vast array of actors is involved in execution of district-based HIV/AIDS activities, revealing the urgent need for more effective coordination mechanisms. The LGs need to get actively involved in the design of these programs and own the intervention agenda.

In **conclusion**, there is an increased and clearer understanding of the concept of decentralization with variation among the various actors at different levels. While the understanding has had positive impact on implementation of the policy, it has in some local governments erroneously been interpreted to mean freedom to exercise powers outside the boundaries of the legal framework, leading to a number of undesirable outcomes. The study also concludes that, whilst the implementation of the decentralization policy has by and large yielded most of the intended objectives, the reform initiative is circumscribed by major challenges. These challenges necessitate periodic review and refinement of the policy and its array of implementation mechanisms in the light of unfolding environment. Finally, the study identifies key institutions and areas that SDU II may support to compliment other USAID efforts in health, education and production while also delivering on its mandate.

On the basis of the above findings, the study **recommends** that ongoing and future USAID support consider among others the need for:

1. Engagement with key stakeholders like the Ministry of Local Government and ULGA among others on
 - a. How to address the issue of coordination of various interventions;
 - b. The development of innovative capacity building approaches to address perceived continued failure to translate appreciation of roles and responsibilities into positive behavioral change;
 - c. Enhancement of capacities in key functional competency areas *at* lower local governments’ levels;
2. In districts with USAID interventions
 - a. Assist LGs to proactively make contributions to the various planned reviews of the legal and policy framework;

- b. Facilitate the development of interventions that enhance increased and positive interaction between the private and public sector;
- c. In collaboration with SDU II engage local governments on the issue of sustainability generally but the social sector specifically;
- d. Assist LGs in the development of innovative strategies for more direct and active role of LGs in the development of local economies;

The team recognizes that some of the recommendations may fall outside the ambit of current or on going USAID effort, in which case it is recommended that these are brought forward on LG development agenda as gaps for future support possibly from the Central Government or other development partners.

A. BACKGROUND

Decentralization in Uganda emerged as one of the Government's major reform policy initiatives in 1986, however it was not until 1993 that implementation was initiated. The intent of Uganda's decentralization initiative was to transfer responsibility, authority and accountability for a wide range of public services to elected district and sub county councils. Implementation was tackled from three angles: administrative, political and financial. In 1995, the principles of decentralization were incorporated into a new national Constitution. The full legal basis for decentralization was established with the passage of the Local Governments Act, 1997 that has since been amended thrice. Powers transferred to local government by that law are summarized in Box 1 below.

POWERS OF LOCAL GOVERNMENTS

Under the Local Governments Act of 1997, local governments have the powers to:

- make and implement development plans based on local priorities;
- make, approve and execute their own budgets;
- raise and utilize resources according to their own priorities;
- appoint statutory Committees, Boards and Commissions;
- make ordinances and bye-laws which are consistent with the Constitution and other existing laws, ordinances and bye-laws;
- hire, manage and fire personnel;
- manage own payroll and separate personnel systems;
- Implement a broad range of decentralized services listed in Schedule 2 of the local Governments Act, 1997.

Uganda's decentralization policy is based on devolution, or as others may argue, the extensive de-concentration of executive powers, functions and responsibilities to popularly elected local governments. In 1994, the Ministry of Local Government summarized the decentralization policy objectives as follows:

In sum, decentralization is a democratic reform, which seeks to transfer political, administrative, financial and planning authority from the center to Local Governments councils. It seeks to promote popular participation, empower people to make own decisions and enhance accountability and responsibility. It also aims at introducing efficiency and effectiveness in the generation and management of resources and the delivery of services¹

Uganda's decentralization initiative has been described by a number of donor organizations and international observers as one of the most ambitious and yet (reportedly) successful in sub-Saharan

¹ Government of Uganda, Decentralization Secretariat 1994: *Decentralization In Uganda –The Policy and Its Implications*.

Africa.² Despite this apparent success, USAID and other observers have identified a number of factors, which have the potential to significantly undermine achievements recorded during implementation of the decentralization policy, as well as impede further progress. According to reports prepared prior to this review, these include the relatively low capacity of Local Governments (LGs) to deliver services and their inability to effectively generate/mobilize local revenues. Corruption is a factor that reportedly complicates this situation. Furthermore, an OECD study completed in 2005 suggests that Uganda's decentralization and poverty reduction programs may not be as synergistic as might have been hoped.³

B. REVIEW PURPOSE AND SCOPE

In light of these concerns, USAID/Uganda, which has funded a range of interventions focused on local government improvement, in the context of decentralization in Uganda, found it prudent to commission a review to assess:

- Trends since decentralization inception associated with levels of capacities to manage the implementation of Uganda's decentralization policy and resultant service delivery;
- Significant achievements, experiences and challenges that have influenced execution of the policy over the years;
- Best practices that have emerged since decentralization was introduced.
- USAID/Uganda anticipates that a critical look at salient issues emerging from this review will inform future and ongoing USAID programs of support.

The review, which was organized through USAID/Uganda's Monitoring and Evaluation Management Services (MEMS) project, identified a set of five specific areas that needed to be answered to support USAID/Uganda's information needs. These questions are shown in Box 3 and in the Scope of Work for this study, which is provided in Annex A.

In structuring this review, USAID and MEMS informed the team it recruited for this study, of its interest in building upon rather than duplicating research on decentralization already undertaken by the Government and by other donors, most particularly the recent ADB study (see box 2 on next page) that covers a number of important aspects of the decentralization initiative.

² A number of government and non-governmental organizations, academic institutions, researchers and donors UNDP, DANIDA, World Bank have documented achievements, challenges and trends associated with the implementation of the decentralization policy over the years.

³ A paper by "Jütting et. al., Decentralization and Poverty in Developing Countries: exploring the impact, OECD Development Centre, Working Paper No. 236, August 2004 " has concluded that decentralization may be counter-productive as a tool for addressing poverty and it categorizes Uganda's performance with regard to decentralization's impact on poverty as being "somewhat negative."

ADB SUPPORT

THE AFRICAN DEVELOPMENT BANK (ADB)

INSTITUTIONAL SUPPORT TO GOOD GOVERNANCE INTERVENTION

To avoid duplication of effort, the team assessed the proposed ADB program interventions in the way it focused key questions for this USAID evaluation. One of the ADB themes targeting reinforcement of good governance initiatives is decentralization. The Institutional Capacity Building and Good Governance Support Project component intends to address this theme by reinforcing the Local Government sector through skills and knowledge upgrading, equipment acquisition and provision of technical assistance for one key institution the Ministry of Local Government (some of the activities are to be implemented at LG level) that also happens to be the lead Ministry within the sector.

The Local Government sector's overarching goal consistent with Government of Uganda's national development framework, the Poverty Eradication Action Plan (PEAP) and medium term planning tool or expenditure framework (MTEF), is poverty eradication. The objective of the ADB program is to support the Government objective by offering institutional support and capacity building for the various departments in MoLG to effectively execute its mandate. The program will where necessary, a) provide technical assistance, b) provide training to staff, c) provide necessary equipment to central and local governments and d) strengthen management and sensitization efforts of the public.

Identification of gaps and activities in the Local Government sector was preceded by a critical inventory of ongoing and future decentralization support interventions at both central and local government level. This was done with the aim firstly avoiding possible duplication of effort, but also more importantly making an assessment of strategic gaps that may have arisen or may arise and need to be addressed so as to enable the sector effectively execute its mandate. At the time of submission of this report, concerns from the Donor Decentralization Sub Group had been raised with respect to possible duplication in some of the component areas under the proposed support. Discussions with the Ministry of Local Government resulted in assurances that the identified activities fell under the capacity building sub component and would be addressed before implementation. The Ministry also promised to produce a detailed matrix showing the interface between the ADB and other complimentary support programs

C. REVIEW METHODOLOGY

Data for this review was gathered from nine districts from a universe of 30 districts that are currently receiving USAID support. These districts were selected on the basis of three criteria: regional representation, support given by USAID activities to decentralization in these districts, the proximity of selected districts to on-going USAID activities, and the inclusion of at least some districts where conflict situations existed with resultant disruption of implementation of the policy.

These criteria as well as the process for applying them are described in greater detail in the review's methodology summary in Annex B. A total of 106 Government representatives at several levels and ordinary citizens were interviewed across the nine districts, on an individual basis and in group settings, using an interview guide developed by the team and included in Annex B. Translators were engaged to help with this process where interviewing in the local language appeared to be warranted.

REVIEW SCOPE

QUESTIONS POSED BY USAID/UGANDA

1. How do local governments (both elected and appointed officials) understand the concept of decentralization and how does their understanding affect the effectiveness of decentralization at the district and lower local government levels?
2. How effective is the implementation of government of Uganda's decentralization policy?
 - What is the relationship between line ministries and local governments at both headquarters and the district level?
 - How do service users (beneficiaries) perceive the quality and timeliness of government services?
 - What has been the role of the private sector in service delivery?
3. How adequate is the delivery of HIV/AIDS services by the local governments?
 - Identify key specific activities that SDU II might, within its scope to implement key areas assigned, directly support AIM and UPHOLD programs, especially, what particular activities could SDU II implement to support AIM & UPHOLD's partner district in (a) planning and budgeting processes in order to get these districts to allocate more money for social sectors particularly HIV/AIDS; and (b) more effective procurement of related services?
4. How has corruption impeded service delivery by local governments under decentralization?
 - What major areas have been identified by the public as corrupt practices at the local level? What patterns of complaints are associated with or identified as 'actors' in local government procurement process? Are problems more: 'front firms' and/or nepotism? Are there price-fixing, pay-offs and other collusion with private sector vendors, or is there inadequate attention to standards and completion by contractors? If so, who is responsible for such practices among the following actors: the Local Tender Board, CAO, Councilors, other?
 - To what extent is corruption attributable to procurement?
5. What has been the role of local governments in local economic development and how can efforts under SDU and other support to decentralization contribute to USAID's programs under SO7?

D. FINDINGS

As pointed out earlier, myriad studies⁴ have been conducted examining decentralization and its impact on local governments in Uganda over the past ten years. A few of these are referred to in this section to either confirm current findings or document changes that may have occurred after their completion. The text box in the previous section (box 2) highlights work done by the ADB. This section presents findings from the research carried by the review team for this USAID study.

⁴ See: *A comparative Analysis of Decentralization in Kenya, Tanzania and Uganda*, Steffensen et. al., NCG Denmark, August 2004. The study output comprises a synthesis reports as well as a report with separate annexes for each of the three countries. The study is popularly called and also referred to in this document as: 'The three country study'. The study has proven very useful reference material for the review.

UNDERSTANDING THE STRUCTURE AND FUNCTIONS OF LOCAL GOVERNMENTS UNDER DECENTRALIZATION IN UGANDA

Decentralization has been used this paper to mean the transfer of power from the central government to local administrative units. According to a UNDP country paper on good governance (2002), the transfer may entail significant control from the center (deconcentration), some degree of local discretion (delegation) or extensive powers over local decision-making (devolution). Implementation of the decentralization policy has been underway in Uganda for about seven years.

There are six types of local governments in Uganda that are involved in the decentralization initiative, including:

- District Councils (56),
- Sub-county Councils (approximately 900),
- City Division Councils (5),
- Municipal Councils (13),
- Municipal Division Councils (33) and
- Town Councils (72).

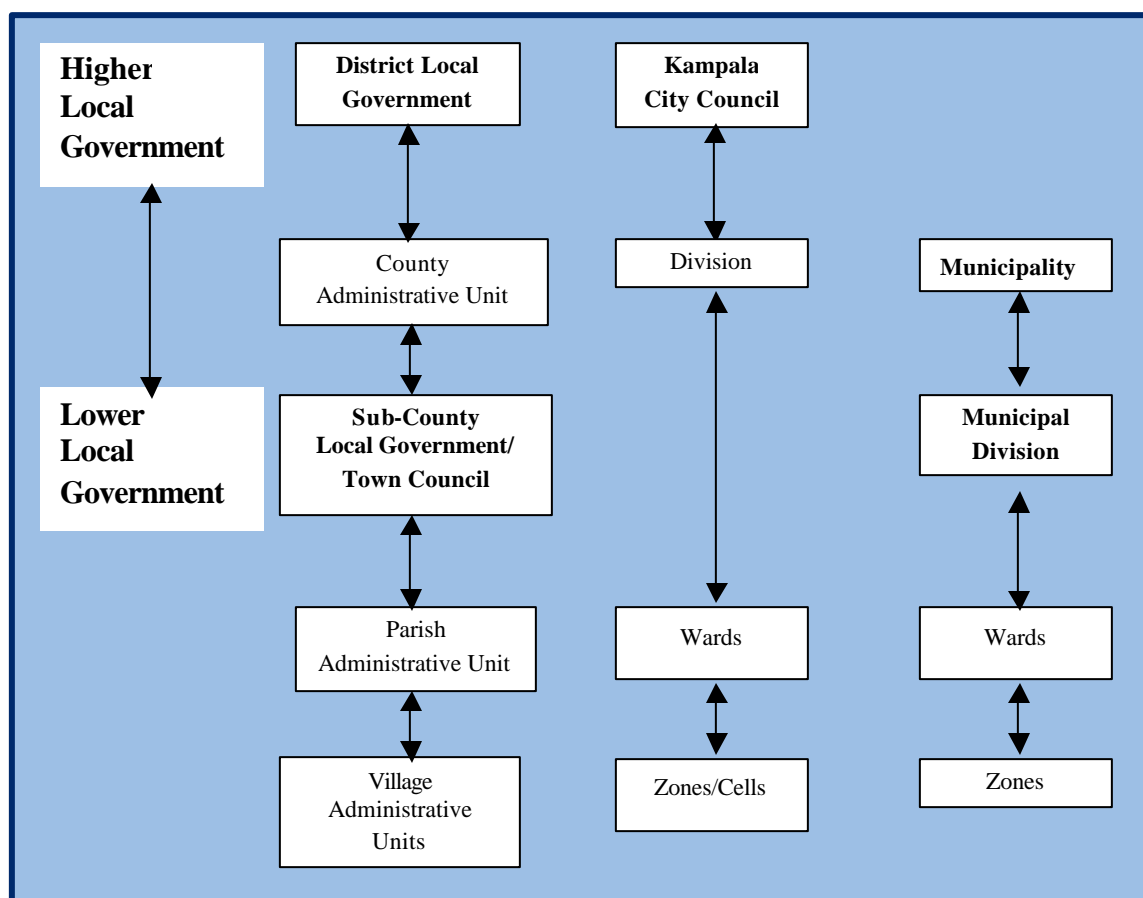
The District and Municipal Councils are referred to as Higher Local Governments (HLG) while Sub counties and Town councils are referred to as Lower Local Governments (LLG). There are also 150 Counties and about 5,000 Parishes and approximately 45,120 Villages that constitute administrative units with their own councils. Box 3 illustrates this structure.

The Local Governments Act places ultimate responsibility for effective and efficient service delivery with local governments, which operate under the aegis of independent councils (the councils immediately bulleted above), seven operational council sectoral committees (Health, Education, Technical Services, Finance and Administration, Production and Natural Resources) and statutory bodies and commissions (District Service Commission, District Land Board, District Tender Board and finally the District Public Accounts Committee). Local governments through the District Service Commissions have the powers to hire, discipline, fire and promote appointed officers. All local government statutory body representatives are nominated and appointed by the District Local Councils.

In the course of this review, interviews were conducted with both Higher and Lower Level Local Government officials in which views on their understanding of the intended roles and functions of government at various levels under decentralization were sought. Data from these interviews indicates that, in policy terms, decentralization is understood and has been internalized at the Higher Local Government level and to a fair extent at the level of Lower Local Government levels as well. Data that reveals the level of understanding of local government officials is summarized in Table 1.

This table also presents comparative information that reveals the level of understanding of local government roles under decentralization among representatives of civil society organizations (CSOs) and among ordinary citizens in communities in various parts of the country.

Chart 1: Local Government Structures and Administrative Units



Note: The arrows show the information flow lines within the hierarchy of LGs and administrative units

**TABLE 1: UNDERSTANDING OF DECENTRALISATION POLICY AND OBJECTIVES BY
STAKEHOLDER CATEGORY
IN VARIOUS LEVELS OF LOCAL GOVERNMENT**

Stakeholder Category	Northern	Eastern	Central	Western	West Nile
DLG Officials Elected Appointed					
	Good	Good	Good	Good	Good
	Good	Good	Good	Good	Good
SC LG Officials Elected Appointed					
	Fair		Fair	Fair	Fair
	Good	Good		Good	
CSO representatives	Fair		Fair	Good	Fair
Communities	Poor	Fair		Fair	

Key Poor: Limited or no understanding-
Fair: General understanding
Good: Complete internalization of the policy

At community level, it should be noted that understanding of decentralization policy and objectives is not a function of knowledge of the policy but rather of citizens' grasp of what levels of government is responsible for various services that are important to them. The majority of ordinary citizens had never heard of 'decentralization' but some did associate the 'exercise' of devolved powers by local government as an attempt by the center to deal with citizen priorities, needs and services closer to their level.

RELATIONSHIPS BETWEEN THE CENTRAL GOVERNMENT AND HIGHER AND LOWER LOCAL GOVERNMENTS.

Interviews with appointed officials revealed the fact that since the last Presidential elections in 2001, local governments have been increasingly conditioned to operate more like District Administration Units that preceded them, rather than as institutions with a known and legally provided for *body corporate* status. In effect, local government operations are not primarily based on a locally defined set of priorities, but continue to be very responsive to direction from the Central Government. Some respondents to the review interviews went so far as to suggest that local government development agendas, over the last two-year, have been hijacked by the Central Government's political agenda. These local government officials also stated that various reviews of recent policies and even the legal framework guiding decentralization increasingly reflect a strong tendency towards recentralization. Officials in Arua District Local Government offered as an example of this trend the review of the Public Finance and Accountability Act (PFAA) 2003, in which considerable powers have been recentralized in the Office of the Minister responsible for Ministry of Finance Planning and Economic Development.

In addition to tensions inherent in the responsibilities that policies and the legal framework provide to Uganda's central and local governments, relationships at an operational level between these levels of government are not entirely healthy. Central Government officials who were interviewed for this review, stressed that weak capacity and corrupt attitudes among local government officials forces Central Government to exercise its oversight role, in a more pronounced manner than might otherwise seem appropriate under decentralization, because of the constitutionally provided responsibility for protecting national interests. Central Government respondents also emphasized the fact that the center is accountable for the significant resources that are channeled to local governments.

For their part, Higher Local Government Officials interviewed for this review perceive Central Government to be patronizing and to display an arrogant attitude towards them. These Higher Local Government officials also alleged that Central Government has failed to respect specific provisions of the legal framework governing decentralization implementation as set in the Local Governments Act. Higher Local Government officials also question Central Government assertions that local governments are the most corrupt institutions nationwide and suggest that Central Government conduct a critical self-assessment at its own level before throwing 'stones at glass houses'.

Higher Local Government Officials interviewed had a very low opinion of the abilities of their counterparts at Lower Local Government level. Respondents at the Higher Local Government level also observed that decentralization *per se* was becoming more of an 'intensified' battle for control, allocation or utilization of resources. Respondents' reports of acrimonious relationships between the technical and elected officers seemed to confirm this position. By way of an example, the review team was told that elected officials had incited taxpayers (voters) not to meet their annual civic obligations. One sub-county chief probably captured it best when he reported that '*my boss (the elected Chairman) tells me to ensure collection of the taxes and then turns round and tells the tax payers not to pay*'. On the other hand the

elected leaders acknowledged the fact that what appointed officials reports were true to a large extent, but they then shifted the blame to the Central Government pronouncements with regard to reduction in the threshold of taxes as well as discussions on moratorium on graduated tax.

Lower Local Government officials, for their part, are suspicious of Higher Local Government and recommended that time had come when relationships needed to be redefined to ‘truly’ reflect the body corporate status of Lower Local Government. Negative perceptions on both sides of the local governments’ structure were alleged to be responsible for continuous bickering and insufficient attention to their responsibilities for service delivery.

In summary, a key challenge for decentralization appears to center around the battle for control, appropriation and utilization of ‘limited’ resources. The ‘battle or struggle’ is not acknowledged *very* openly. In all of these interactions, the issue of resources dominates responses, as the discussion of perceptions of the effectiveness of decentralization, further on, illustrates.

THE PRIVATE SECTOR’S ROLE IN LOCAL GOVERNMENT SERVICE DELIVERY

The range of categories of the Private Sector (PS) involved in decentralized operations in Local Governments has expanded to include; consultants offering a variety of services; private not for profit Faith Based Organizations (FBO) and other Civil Society Organizations⁵ (CSO) including NGOs. Hitherto before decentralization became a national policy, the private sector was mainly involved in the provision of supplies to district administrations and most works were executed through labor contracts and ‘force on account’⁶ arrangements. Government decision to decentralize, liberalize and privatize however led to the institution of new arrangements where all works and services are recommended to be contracted out to the private sector. The PS role has also evolved from mere spectator status to active partnership in implementation of the decentralization policy.

The Private sector engagement with decentralization is grounded in the requirement in the legal framework guiding LGs procurement functions. As far as the LG officials are concerned the PS involvement and understanding is motivated mainly by profit and the urge to build capacity to compete effectively with relatively more established business firms. The profit motivation has led to firms actively monitoring LGs operations with a resultant increase in knowledge of the decentralization policy and its implementation. However the PS ‘not for profit’ organizations (most are faith based) have been largely involved in the delivery of health facilities.

LG officials consider the PS as partners in the execution of contracted works and services particularly where the latter are considered to have the ability, capacity and are even better suited to deliver in a more timely and effective manner. The PS in some LGs are now involved in the annual planning and appraisal

⁵ The Consultants have taken a broad definition of civil society organizations to refer to formally constituted non-government organizations, professional associations bringing together individuals or organizations with similar interests (local transporters, market vendors or farmers groupings), cooperatives, community-based organizations, and committees of local citizens formed in conjunction with a local government initiative to resolve a specific service issue.

⁶ Local Government Technical personnel using materials and equipment belonging Government executed most of the works

processes and LGs have even introduced fora for sharing information and in some cases even provided resources for capacity building and job related orientation in specific areas. The Private Sector is considered to significantly influence service delivery by virtue of their being motivated by profit and competition. However, the LGs also acknowledge that capacities of the local contractors and firms are still low and need considerable enhancement.

The Private Sector representatives expressed enthusiasm with their current and future involvement with LG as they implemented the decentralization policy. The representatives gave as one of the main reasons for the enthusiasm, the PS recognition of the significant fact that Local Governments are at the top of the preferred client list, simply because of the vast resources⁷ at their disposal. On the other hand contractors openly expressed discomfort with the pressures exerted on them (their profit margins) by both LG appointed and elected officials. They reported that the officials impose conditions which if not fulfilled by contractors leads to failure firstly to secure contracts as well as effecting timely payments for services rendered or goods provided.

THE EFFECTIVENESS OF DECENTRALISATION

This section considers findings with respect to the effectiveness of decentralization in Uganda. The section is divided into two parts:

- The Overall Impact of Decentralization on Local Government Service Delivery
- The Implications of Decentralization for the High Priority HIV/AIDS Challenge

The separation of findings into these two sections is designed to allow readers who have particular responsibilities with respect to the HIV/AIDS epidemic to easily access study findings that are most relevant to this concern.

4.1 THE OVERALL IMPACT OF DECENTRALIZATION ON LOCAL GOVERNMENT SERVICE DELIVERY

As mentioned earlier, Uganda's decentralization policy is based on devolution or as others may argue, extensive de-concentration of executive powers, functions and responsibilities to popularly elected local governments. The objective of the policy is to promote democracy and good governance as *well as bring about positive socio-economic change through the effective delivery of adequate and qualitative services*. This was critical in determining respondents' views on effectiveness of decentralization.

In this section, the effectiveness of decentralization in Uganda is examined from several angles as follows:

- a. The perceptions of citizens and officials of the overall impact of decentralization
- b. The involvement of local governments in economic development under decentralization
- c. The effectiveness of the resource allocation process under decentralization.

⁷ A Poverty Action Fund (PAF) created in 1998 out of savings from the Heavily Indebted Poor Countries (HIPC) initiative, donor contributions and Government's own resources has sharply increased budgetary expenditure on pro-poor sectors, from 17% in 1997/8 to 31% in 2000/2001 leading to transfers from the center to LGs of approximately 400 M USD annually or 34% of the national budget.

a. Perceptions of Decentralization

All the respondents in LGs acknowledged that the policy has been crucial in enabling the promotion of democracy and good governance. Respondents noted that while all LGs are now established *body corporate* entities with entrenched powers, they (LGs) still have limited discretion in prioritization of activities. This is due to the fact that the bulk of resources (Poverty Alleviation Funds or PAF) to fund them emanate from the central Government with conditional areas of expenditure.⁸

A number of institutions and fora now exist for the exchange of ideas, decision-making and consultation as well as the exercise of voting. But respondents concede that the exercise of democratic rights during elections has little connection to merit or the abilities of candidates but is largely influenced by the extent to which candidates can marshal resources in exchange for votes. As for good governance, respondents were of the view that while strides had been made, several areas that collectively contribute to good governance⁹ as a concept were still lacking in practice; most notable were transparency and accountability and the security of person and property.

While on the other hand a few Civil Society Organizations (especially in districts that have implemented activities under AIDS/HIV Integrated Model (AIM) district project and Uganda Program for Human and Holistic Development (UPHOLD) support have had relatively intense interaction with LGs, which has greatly influenced CSO representatives' understanding of decentralization, most have low levels of appreciation of the decentralization policy and the opportunities it offers them (CSOs) both as service providers and institutions responsible for government oversight. The few knowledgeable CSOs however do acknowledge the great strides that decentralization has brought¹⁰ especially in bringing together two crucial stakeholders (CSO and LGs) who have always had a troubled relationship in the past.

There is general acknowledgement by all respondents (HLG, LLG and even at community level) that there is a tremendous increase¹¹ and improvement in the quantity of and accessibility to services. A female respondent attending an antenatal clinic observed that:

'Health services had come closer and as far as education was concerned all the basic requirements (teachers, classrooms, desks and text books) at the local Government aided Universal Primary Education (UPE) primary school were available'.

The LG officials reported improved services, which in their opinion was due to the significant investment in social infrastructure in the health, education, roads and water sectors. One official cited a number of

⁸ This is now being addressed by the implementation of the Fiscal Decentralization Strategy

⁹ The Consultants stress that from whichever way it is conceptualized 'governance' entails efficient and effective use of institutions, structures, systems and resources to bring about desired developmental outcomes. It implies therefore that for the afore mentioned to occur will require a combination of several elements, including rule of law, justice, security of person and property, constitutionalism (separation of powers, checks and balances), promotion of human rights, electoral and participatory democracy, transparency and accountability (political, managerial and financial), exemplary and inspirational leadership, an informed citizenry, and popular participation in social and economic process. Local Governance, therefore, refers to the interplay of all these elements in decentralized settings in order to bring about the desired transformation for the benefit of the intended beneficiaries.

¹⁰ One CSO representative in Bushenyi DLG observed that this closeness would not have happened on LG initiative if it was not a requirement by UPHOLD and AIM that LGs and CSO work collaboratively.

¹¹ These findings are also confirmed by central Ministry statistics like the *Water and Sanitation sector Performance Report* September 2004.

quantitative and qualitative indicators that demonstrate distinct changes in areas that had been clearly problematic over the years. He cited more children in classrooms, more mothers accessing maternity services, more water sources and improved access to safe and clean water and improved mobility and access to markets on account of now routinely and better-maintained local road networks¹². The LGs have also been able to take on the challenges associated with implementation of bold CG policy initiatives like Universal Primary Education (UPE) and implementation of Health Sector Strategic Plan (HSSP).

Perceptions differed with regard to the impact of decentralization reduction of poverty in the local governments mostly depending on respondents' category or regional location; for example the appointed officials from local governments in the Western region believe that there is definite reduction in poverty¹³ as shown in quotation below.

“Without quoting specific figures one easily notices that there are more herdsmen wearing boots, more bicycles, more housing with iron sheets and generally better housing. Services have certainly been brought closer to the people and there is more consumption of protein as evidenced by the ever-increasing number of meat stalls and varieties of meat sold”.

—Deputy Town Clerk in LG in Western Region

These sentiments were not shared by officials from local governments in some parts of the North and Eastern Uganda that have been ravaged by conflicts and displacement. In discussions with Ministry of Local Government staff at the center it was pointed out that while 56% of Ugandans were living in absolute poverty in 1992, the figure had dropped to 35% by 2000 and increased again by 2003 to 37%. Moreover regional disparities were reinforced; people living in absolute poverty in the north increased to two thirds owing to the effects of continuous insurgency and insecurity in the region. However, other than in the North and Eastern Regions, the review team was able to see evidence of the reports especially with regard to infrastructure development in the education and health sector. The reports are also echoed in the Ministry of Finance, Planning and Economic Development, Background to the Budget 2002/03 document.

At the community level, individuals do not directly associate improved services to decentralization (again not unexpectedly) and more importantly poverty reduction. Individuals clearly associate poverty reduction with the ability to have increased and sustained purchasing power therefore directly relating poverty reduction to household income.

Beneficiary views were also sought in regard to timeliness and quality of services delivered to them. Timeliness in the respondents' contexts meant that when there was demand for solutions to address identified issues these were immediately addressed. In that context they were categorical in stating that services are not delivered in a timely manner. However, higher local government officials observed that in comparative terms, timeliness of service delivery has greatly improved but was influenced by factors that are some times beyond their control like, delayed disbursements of resources, unpredictability of

¹² This is also confirmed by the Uganda National Poverty Assessment Report 2003 as well as the Poverty Eradication Action Plan (PEAP) 2004, the reports of the biannual sector reviews held in 2003 for education, health, water and roads as well as DLG three year District Development Plans.

¹³ Poverty' here is defined in terms of inability to meet the basic necessities of life, such as food, shelter and clothing, in addition to conditions of powerlessness, insecurity, deprivation of human rights and inability to influence one's condition and surroundings.

locally raised revenues and the need for adherence to contracting procedures (commitment control system) which caused delays.

On the whole, respondents (beneficiaries) were of the view that while they were now able to access the services, the manner of delivery (how well services were delivered or how ‘good’ the service delivery units were) and sometimes the time taken to actually deliver the services still left a lot to be desired. Therefore, from the beneficiaries’ perspective, the quality (from the above perspective) of services was still below expectation. From the service provider’s view, (higher local government officials) the quality was much better especially when compared to previous years. A Chief Administrative Officer in Western Uganda attributed this attitude (beneficiary view) to human beings constantly seeking improved circumstances. Beneficiary mindset in his view was highly influenced by new problems and challenges other than problems that had been solved in the past.

In the course of the review, the team identified a few local government units that manifested elements of good governance especially in the area of transparency and accountability, exemplary and inspirational leadership, an informed citizenry and popular participation in social and economic processes. These local governments are highlighted here as being “exceptional”, because they convey the message that good governance can be promoted by local governments. The exceptional performers provide desirable lessons for others to emulate. They are singled out in the box below;

EXCEPTIONAL PERFORMANCE AT THE LOCAL GOVERNMENT LEVEL UNDER DECENTRALIZATION

Bushenyi DLG located in the western region of Uganda

While all LG Planning Units visited displayed a high degree of professionalism in the manner of their operations, the cadre in Bushenyi stood out particularly as being extensively well informed and with available and extensive documentation at hand. The District Planning Officer also had an excellent understanding of the planning process. Visits to the sub counties revealed that the planning processes appeared to be genuinely starting at the villages from which investment project ideas are selected and refined at higher levels. In general there was a clear link between the theory of planning and the actual practice found on the ground.

Rwanyamahembe SC, Mbarara DLG:

The Team interacted with the Sub Accountant and Cashier who exhibited exceptional knowledge of LG plans and operations even as far as details in sectors like agriculture and veterinary. They both were furthering their academic careers through a distance-learning program. The Sub Accountant was pursuing an advanced accountancy (ACCA) course while the cashier was pursuing a Certified Public Accountancy course. The Sub County Chief who was absent had just completed his first degree and was considering further academic pursuit. The point to note that the quality of human resource capacity to manage and implement decentralization was relatively high compared to other sub counties.

Akokoro SC, Apac DLG:

The LG in response to community demand had for the last three financial years provided or allocated resources of up to 2.5 M USHS per annum for the training and strengthening of community based women organizations in the sub county. The difference is that in other sub counties, there were expressed intentions in annual plans and budgets that had never been fulfilled. In this sub county there was a clear linkage between, community demand, plans and actual budget performance.

b. Local Governments' Role in Local Economic Development

Officials acknowledged that in the past, the role of LGs in local economic development has mainly targeted provision of extension and other agricultural support services to stimulate production, which is the main stay of 85% of the rural economies where most LGs are located. To compliment this emphasis, the major role of LGs has focused on providing an enabling environment through the rehabilitation of rural infrastructure like roads and markets. Two senior officials from LGs in the Western and Central regions however observed that because of the need to accelerate poverty reduction and to enable communities enjoy the benefits of improved social infrastructure as well as provide a taxable source to raise resources for operations and maintenance, there was need for the LGs not just to provide enabling environments, but to aggressively supplement existing efforts in a much more direct manner by identifying and implementing other alternative strategies.

It was felt especially in the Western region, that the benefits that can accrue from the former (provision of an enabling environment) have waned and yet the increasing population and the associated new demands require even higher production levels. However, LGs officials in the other regions (North, Eastern, Central and West Nile) did not share this view. They were of the opinion that responsibility for economic development or lack of it in LGs lay entirely with the CG, which they additionally observed, had not helped matters by originating and implementing various 'dubious' reforms like liberalization as well as privatization and divestiture of national assets.

Two of the District Local Governments (Mbarara and Luwero) have with the assistance of Strengthening Decentralization in Uganda (SDU) launched activities designed to assist various stakeholders identify the best way the issue of LG economic development can be tackled. The LGs have taken initiative to invite stakeholders from the private sector and CSOs to interact and identify ways in which increased production and economic activity can be stimulated and attained. The Officials in Mbarara observed that initially most interventions will focus on the agriculture sector as well as cottage industries. Out of the nine LGs visited, two Local Governments and three municipalities have attempted to engage in direct efforts focused at stimulating economic growth/development

c. The Effectiveness of the Resource Allocation Process under Decentralization

Respondents observed that budgetary allocation decisions were always influenced firstly by the conditionalities that accompanied transfers from the center that require investments to focus on the five Program Priority Areas (PPA)¹⁴ namely primary education, primary health, safe water, feeder roads and agriculture extension. The bulk of the transfers are the Poverty Action Funds (PAF), which are 'ring fenced' collection of existing conditional grants to districts or local governments with the savings from the debt relief being funneled into those grants. PAF funds have grown significantly over the last six fiscal years accounting for up to approximately 34% (or 400m USD) of the GoU budget. One significant aspect of the fund is that 5% of PAF funds are set aside to support aspects of monitoring and reporting related to the PAF budget lines and target tender boards and the public accounts committees.

The political agenda of Councilors and especially those with responsibilities like the LG Chairpersons, members of the district executive and leaders of the sectoral committees and the level of influence drawn

¹⁴ These have since been increased to six to include community mobilization as another program priority area.

by individual legislators on the council was the second most influential factor with significant bearing on budget allocations and approval processes. However, LG Officials reported that over the years and especially since the Local Government Development Program was started, the LG Technical Planning Committees (TPC) have slowly increased their influence on allocation decisions with the result that Lower Local Council priorities originating from the communities are increasingly reflected in budgetary allocations.

The review team established that possibilities for increased budgetary allocation to activities in the Social/Health sector and especially HIV/AIDS interventions were extremely dependent on several factors;

- Implementation of the Fiscal Decentralization Strategy¹⁵ ((FDS) (currently being rolled out in some of the 9 LGs)) where LGs have leverage to exercise allocative discretion by moving resources between and within sectors i.e. LGs could transfer a percentage (up to 10%) of resources from the education to the health or roads sector if they were convinced with technical input that, it had the biggest priority. Increased allocation however is not a guarantee because the implementation of the strategy has the potential either to lead to a reduction or increase in resources both to and within sectors.
- Very much related to the first factor is the ability for LGs to significantly improve LG planning and prioritization processes and to ensure that outputs are reflected in LG plans and budgets. This of course is dependent on the amount of discretion they can exercise with regard to grants or resources. With the stark reality of limitations on available resources at LGs level, the point may not necessarily be increase in resources to any particular sector, but the extent to which the priorities and the budgetary allocation decisions reflect those needs that have to be immediately addressed at community or beneficiary level.
- The other potential source of resources that can be channeled to supplement CG transfers for social sector spending would result from increases in LG locally generated revenues. The possibilities of increases in local revenues were reported in all LGs to be very unlikely in the light of the revised taxation regime¹⁶ that lowered thresholds for LG graduated tax and led to significant reduction in the biggest contributor to LG local revenue. It was also noted that priority with regard to local revenues has always favored expenditure for the political establishment in LGs i.e. sitting and travel allowances so the likelihood of additional revenue being channeled to other sectors was also very minimal.

Overall, evidence from the review suggests that local participation in decision-making and resource allocation is improving the quality, coverage and accessibility of key public services. For example, decentralized primary school classroom construction has demonstrated substantially reduced unit costs

¹⁵ Most of the resources flowing to LGs are in the form of conditional grants that (until this financial year) did not allow LGs discretion to make decisions according to local priorities. Because of the need to streamline the fiscal decentralization process to facilitate the attainment of the objectives of decentralization, the GoU developed and has rolled out nationwide, a Fiscal Decentralization Strategy. The objective of the Fiscal Decentralization Strategy (FDS) is "To strengthen the process of decentralization in Uganda through increasing Local Governments' autonomy, widening local participation in decision making and streamlining of fiscal transfer modalities to Local Governments in order to increase the efficiency and effectiveness of Local Governments to achieve PEAP goals within a transparent and accountable framework".

¹⁶ The CG lowered the minimum tax level to 3000 from 10,000 Ushs or the equivalent of 1.5 USD and 5 USD respectively. This bracket represents a significant proportion of taxpayers at LG level.

and faster construction rates than previous centralized programs. The economic evaluation of the Local Government Development Program (LGDP) quotes research by UNCDF, DANIDA and others showing Social Returns on Investment (SRI) for investments by local governments ranging from 12% to over 180%, which compare well with returns on central government investments¹⁷.

4.2. THE RELATIONSHIP BETWEEN DECENTRALIZATION AND THE HIGH PRIORITY HIV/AIDS CHALLENGE

Decentralization is occurring in Uganda at a time when the country faces a range of other serious challenges. Foremost among these is the HIV/AIDS epidemic. In this section, the review team examines, at a more detailed level, the interaction between decentralization and efforts to stem this epidemic and deal with its implications.

a. The Actors

There are several actors involved in activities focused on addressing the AIDS scourge and include both Central and Local Government(s), CSOs including local community groups like Community HIV/AIDS Initiatives (CHAI), NGOs like African Medical Research Foundation (AMREF), Family Planning Association of Uganda (FPAU), The AIDS Support Organization (TASO), World Vision complimented by major Donor initiatives like (USAID funded) AIM or UPHOLD as well as a few home based initiatives. In essence, the LGs are central to most of the efforts, but actors interviewed included various institutions and agencies from Civil Society Organizations. In general, there is no shortage of actors in the realm of efforts to address the HIV/AIDS scourge.

b. USAID Support systems (Strengthening and Building LG Systems and Institutions) and Adequacy of LG HIV/AIDS delivery services

One significant observation was the HLG officials' reports that UPHOLD and AIM implementation modalities, were markedly different from other previous USAID effort (UPHOLD and AIM are by far and large significant actors as far as HIV/AIDS activities are concerned). Officials observed (in Bushenyi and Mbarara) that for the first time planning with USAID was integrated, with the partners submitting Indicative Planning Figures (IPFs) for intended support, which were then integrated in the LGs three year plans and budgets. They also pointed out that while reports had to follow different formats, the financial management and accounting systems in use were those found in existence. They however noted that opening of individual accounts for specific grantees could undermine the FDS guidelines that require harmonization of the numerous accounts.

The team was required to establish the adequacy of the LG HIV/AIDS delivery services. It was necessary to develop or establish a common understanding of the term 'adequate' as mentioned in the SOW so as to ensure that findings were not at cross-purposes. Adequate for example could be interpreted to refer to span, depth and could even refer to quantitative or qualitative measurements or assessments. In this document and for our purposes, adequate was taken to refer to 'how well LGs were equipped to deal with or address HIV/AIDS'. What policies were in place and what strategies had been developed to deal with them and how well entrenched were the service delivery mechanisms. Most importantly however, what level of resources had been leveraged to support the implementation and delivery structures.

¹⁷ DFID Decentralization Support Project (DSP) Memorandum September 2003

Local Government Officials generally observed that despite the fact that they all start out with good (sometimes ambitious) intentions spelt out in three year rolling District Development plans¹⁸ and while some significant successes have been scored on some fronts, the reality is that the delivery of HIV/AIDS services generally is still inadequate¹⁹. This undesirable situation is greatly attributed to a number of factors, which have been inventoried and assessed. The most critical factor was the lack or absence of (effective) coordination and joint planning mechanisms leading to duplication of efforts, poor or ineffective targeting of interventions, as well as utilization of strategies that were more appropriate in the past ten years. In essence, the challenges and the strategies developed to address them have been overtaken by time. Various stakeholders and especially LGs have (rightly) decided to take stock of past achievements, challenges and opportunities after recognizing the urgent need to identify and put in place strategies and policies that can better address prevailing issues more effectively.

All LGs visited are involved in a number of activities designed to address the HIV/AIDS scourge. However, Central Government and donors mostly drive or determine the policy and implementation agenda. All AIM²⁰ supported LGs have prepared comprehensive 5 year integrated plans to guide implementation and facilitate better coordination of efforts. In Kamuli district, the absence of an overall long term plan from which activities can be extracted and integrated in the three year DDP and the large number of actors all with different implementation modalities as well as reporting and accounting systems has definitely affected the effectiveness and direction of LG HIV/AIDS operations.

Also noted was the fact that sampled Districts did not have specific budget outlays financed from local revenue to address issues of HIV/AIDS. All activities are financed from either central government transfers or donor funds and yet ideally it should be the other actors to supplement Local Government efforts.

‘The District is not doing enough in the HIV/AIDS area to supplement the activities of other actors’

—Chief Administrative Officer in one of the Local Governments

c. LGs Capacities and Strategies to deal with HIV/AIDS

LGs have control of most of the institutional health facilities and are therefore best suited to provide institutional services and professional medical treatment for opportunistic infections, skin diseases and coughs, Sexually Translated Infections (STI), and Tuberculosis. However, it is only in the recent past that local government health facilities in the sampled districts have been equipped with the basic facilities for the provision of HIV/AIDS related services. Through support and funding from donor programs like AIM, Health Sub Districts have been able to renovate and upgrade their laboratories to undertake testing for HIV/AIDS. The same LGs have also had laboratory personnel trained with skills to cope with the new demands.

¹⁸ The Three Year rolling District Development Plans are a requirement for all LGs (both HLG and LLG) and all implementable activities are drawn from the plan. The plan is only legal when approved by respective LG councils by the 15th June every year.

¹⁹ Analysis of surveys conducted by the National Aids Control Project (ACP) in various LGs indicates the need to reappraise and reorient various interventions. These surveys will also serve as benchmarks against which future surveys will be measured against.

²⁰ In addition to direct support through expanding and equipment of laboratories, AIM has supported 16 Districts to come up with Comprehensive Five-Year HIV/AIDS Strategic Plans.

Due to the fact that LGs have very limited capacity to provide the much needed psychosocial support to People Living With Aids – CSOs, NGOs, Faith Based Organizations (FBO) and Community Based Organizations (CBO) which have a comparative advantage both in terms of training and resources are able to fill the gap and address this need. A few CBOs are also contributing in a limited way, to the area of home-based counseling, support to Orphans and Vulnerable Children (OVC) and home based care support services.

d. Key activities LGs have developed/employed to address HIV/AIDS

Almost all LG interventions to address HIV/AIDS have been initiated by the Central Government and donors. Over the years Central Government and development partners through the Ministry of Health, have championed awareness campaigns in LGs aimed at drawing the peoples' awareness to the dangers of the scourge and also sensitized the communities on the various strategies to avoid further spread of the virus. Substantial funds have been invested in the production, and distribution of Information, Education and Communication (IEC) materials, establishment of the AIDs Control Project (ACP) and AIDS Information Center (AIC). In addition, Youth Centers have been established in some parts of the country to provide counseling, testing and reproductive services for the youth. A number of Health Center IIIs²¹ have established Counseling and Testing Services (CTS) in addition to Prevention of Mother to Child Transmission (PMTCT).

Considerable collaboration and consultation between various stakeholders in LGs has taken place especially those with support from UPHOLD and AIM. The elected and appointed officials have also invested resources in awareness raising activities as well as attempting to mainstream HIV/AIDS in LG operations. Unfortunately mainstreaming of this and other cross cutting issues like gender, poverty and environment is usually interpreted to mean appointing a focal point person to whom issues related to issues of HIV/AIDS are always channeled²².

Institutionally, LGs have established committees like the District HIV/AIDS Committee (DHAC) and District HIV/AIDS Task Force (DHTAC) to provide coordination and a forum for consultation of planning, implementation and monitoring of the various interventions.

CSOs located in LGs, are also engaged in a number of activities but most focus on awareness raising and the provision of counseling services.

5. IMPEDIMENTS TO EFFECTIVE DECENTRALIZATION

a. The Impact of Corruption

The SOW for this review specifically required the team to examine the effects of corruption on decentralization, paying particular attention to determining whether nepotism was significant in influencing corrupt behavior.

²¹ Health Center III are being established in each Sub County/LLG throughout the country with the intention of having health units at that level with basic admission facilities and Maternity Services.

²² Mainstreaming of cross cutting issues is in the Ugandan context much more than merely assigning a focal point person to address those issues and is now intended to ensure that all LG officials mainstream or integrate these issues in the way they routinely plan, budget and operate so that sector or LG interventions reflect a fully integrated or mainstreamed character. This obviously does not negate the role of focal point people but shows that the concept has gone further than mere appointment of Focal Point Persons.

Findings from the review revealed that nepotism or preferential treatment for kin and kith was not perceived to be a significant factor responsible for corrupt procurement practice. However, nepotism was reported to feature prominently in the recruitment of LG Personnel

Corruption as a discussion topic elicited different and sometime interesting (defensive) responses from various respondents. Firstly however, all officials interviewed were unanimous in acknowledging its presence. While there was no general consensus on what constituted corrupt practice in the local governments, the area of procurement of goods and services featured prominently. Corrupt practices identified within procurement, included influence peddling during the solicitation processes, illegal demands on contractors before documentation was processed and failure to make accountable and bring to book contractors who delivered sub standard outputs. In some instances, corruption was reportedly in the form of price-fixing of contracts awarded through the formal tender processes. Cases of councillors and sometimes-technical staff within local governments being awarded (or awarding themselves) tenders were cited and closely associated with delivery of sub standard outputs or inflated costing. In most cases firms are 'fronted' by both elected and appointed officials and also to individuals or firms who supported incumbents during elections. The recruitment of personnel was also reported to be another area featuring corrupt practice. One Official reported that applicants for jobs sometimes (others said most times) attracted (illegal) payment upfront though it was not stated who the beneficiaries of the sums were.

However, poor and inadequate supervision²³, especially of contracts involving civil works featured prominently and lead to sub standard outputs. The office of the District Works Supervisor or Engineer responsible for supervision was pinpointed as a key actor abetting corruption either through inadequate supervision of contracted works, approving alteration of contract costs above legally provided limits, outright collusion, certification of sub standard works and surprisingly, because this should not be part of the Engineer's job description, recommending questionable payments. LG Officials were quick to state that the blame did not lie entirely in specific offices but sometimes involved collusion starting from the Chief Administrative Officers' office, sector signatories, the Internal Audit Department as well as 'quiet (unwritten) decisions' passed from key Councilors.

The time taken to identify wrong procedures was noted as often too long (years after the actual goods or services were delivered or not delivered and payment effected). Even worse were the delays in taking prompt and decisive remedial action which all served to further abet corruption. Furthermore the non-assertiveness of statutory bodies like the LGPAC as well as low capacities of the internal audit functionaries exacerbates the problem. With regard to conflict of interest respondents observed that LGs had problems in situations where competent and experienced contractors existed but had close relationships with elected or appointed officials. These contractors were advised to seek contracts outside the LGs. Appointed and elected officials with firms were also advised to seek contracts outside the LGs.

The team also observed that Tender Boards are in place in all the LGs and are contracting out nearly all works and services to the private sector. The capacity of contractors to deliver and the quality of works/outputs was reported to have improved over the years and there is value for money²⁴ for most of the implemented projects.

²³ Poor or inadequate supervision could be associated with installed capacity and not corruption unless it was the result of a deliberate decision made before hand.

²⁴ This is confirmed in the LGDP Technical and Value for Money Synthesis report March 2004

6. ADDITIONAL FINDINGS ON CROSS-CUTTING ISSUES

Several issues of a cross cutting nature emerged during the study — the conflicts characterizing the relationships between political and administrative leadership also associated with almost all resource allocation decisions and corruption tendencies and; sustainability of LGs from the point of view of asset maintenance. The Consultants have presented brief general descriptions of findings related to each.

a. Elected and Appointed officials' relationships - conflict over control of resources

The consultants noted that four out of the nine LGs visited were defendants in court cases (involving interdicted appointed officials suing the District Local Government) that were either still in progress or Councils were reflecting on the implications of court rulings that were not in their favor. In one case, LG operations almost came to standstill until the MoFPED appointed an alternative Accounting Officer. Reasons advanced for the numerous court cases were either i) the appointed officers were not competent and had to be interdicted ii) the appointed officers were not from the districts in which they were working iii) appointed officers supported a political opponent in the previous elections. In most of the cases, Council had gone ahead to recommend interdiction or outright expulsion and then had to defend counter suits for making uninformed and clearly illegal and ultimately costly decisions.

In most of the LGs with serious problems, especially with regard to interrupted LG operations, appointed officials frankly stated that major reasons were closely associated with 'behind the scenes' battles or struggles for control, allocation and utilization of resources that sometimes spilled over into open conflict. As one official put it, there are very few local government decisions that *do not* have resource implications, once decisions made are not to the satisfaction of all and sundry, the result is trading of accusations that lead to further acrimony. The Consultants acknowledge that relationships between the two categories of officials cannot exist without conflict, the point is that the *levels of conflict* that were reported are having an effect that is clearly undesirable as well as unacceptable, since interruptions in LG operations also mean disruption of or delayed service delivery.

b. Accountability and communication in LGs

Coordination and cooperation between civil servants, departments, councilors, and appointed officials; councils and organs of civil society emerge as major problems. The hindrance of the information flow between communities and the local councils means that most decisions directed towards service delivery are probably ill informed. There is poor information flow in almost all districts. Poor accessibility, even to available information, is also reported. Communication infrastructure and the prohibitive cost of ensuring information sharing and flow were cited as being mainly responsible for this situation. There is also reported little communication between local councils on what is happening at the different levels of local government.

As has been noted by various stakeholders, a lot remains to be done in terms of transforming political commitment into concrete and enduring patterns of behavior and structures of opportunity. It is recognized that when mechanisms for accountability even though catered for in the legal, policy and regulatory frameworks, are ignored and not adhered to, the people (service users) become more powerless and thus poorer. There is still a limited level of awareness about the importance of including all of the poor, women and men in the development process and limited skills in how to do it.

c. The Sustainability of LGs

This is an issue that has been exhaustively examined and discussed in various studies²⁵ either as the major focus or part of emerging assignments. An assessment of LGs 3 year plans and budgets reflected almost complete dependence across almost sectors on external funding sources. The point to make here is that a significant proportion of the investments being made in LGs include significant social infrastructure development in health, water and education as well as the roads sectors. At the time decentralization was being introduced, it had been envisaged that locally generated revenues would meet a) council expenditures of up to 15% and later changed to 20% of the approved budget of the previous financial year (sitting and other emoluments) b) co-funding or financing of investments of 10% c) costs related to operations and maintenance of various investments.

The local revenue situation in all LGs was as mentioned earlier, in a poor state with most LGs collecting only between 2-5% of total budgets²⁶ with the result that after the first two categories of expenditure above, little or none is available to contribute to Operations and Maintenance (and innovation?) issues.

E. CONCLUSIONS

The conclusions presented for this review fall into two distinct categories:

- Broad conclusions that follow from the findings with respect to the decentralization process, and
- Detailed conclusions and the implications of the status of decentralization and its likely future for USAID programming.

These sets of conclusions are treated separately in this section, and are followed by a presentation of the main recommendations that emerged from this study.

BROAD CONCLUSIONS REACHED CONCERNING DECENTRALIZATION IN UGANDA

The conclusions below cover the team's inferences or judgments on the findings related to the questions outlined in the scope of work.

1. ***Decentralization faces major challenges*** The study revealed that whilst the implementation of the decentralization policy has by and large yielded its intended objectives, this key reform initiative is circumscribed by major challenges. This calls for constant review and refinement of the policy and its array of implementation mechanisms in the light of unfolding circumstances.

²⁵ The LG Sector PEAP Revision Paper 2003 and the LGDP II formulation all make specific reference to this issue

²⁶ Reports through the LGFC indicate that central transfers (the totality of conditional, unconditional and equalization grants) increased from 204 billion in FY 97/98 to 292 billion, 98/99; 329 billion 99/00; 503 billion 2000/01; 616 billion shillings 2001/02 and about 800 Billion shillings in 2002/03 increasing by more than three times in a space of 5 years. Exchange rate IUSD= 1800 Ushs 2004.

2. ***Decentralization is dynamic*** The study affirms the fact that decentralization is a dynamic process, and not a project with clearly defined starting and ending dates or periods. It takes many shapes and forms and the manner it unfolds reflects to a significant degree the unique characteristics of specific localities. The decentralization process involves learning, experimentation, conflict, attitudinal change, and acquisition of new skills. The emerging Central and Local Government relationships are a result of all these different sub processes playing themselves out. Any indictment of the decentralisation policy or the CG/LG relationships has to be looked at from this perspective.
3. ***Private sector role expanding*** The study revealed the increasing role of the private sector in the determination of the development of local economies. Hitherto, private sector participation was pronounced (at the time of implementation of the investment activities) only or mostly in the development plans. The Private sector has featured prominently in delivery of services in the last five years in LGs by way of provision of goods and services as per legal requirements. This is understandable, because their major motivation is profit and survival and not the fact they may have acquired an altruistic or philanthropic streak²⁷. However the capacities for the sector to deliver effectively are still weak and need some form of support and enhancement, in addition the sector cannot completely absolve itself from involvement in or abetting corruption and malpractice.
4. ***Varying understanding of the policy*** The study findings reveal varying levels of understanding of the decentralization policy, amongst the different tiers of local governments, CSOs and the community members. The district level functionaries exhibited a much clearer understanding of the decentralization, although even here perceptions varied between elected and appointed officials. At Lower Local Government levels the variation in understanding between the elected and appointed officials tended to widen, but again decreases down at community level. Understanding among CSO representatives, was slightly less clear, constituting a legitimate basis for concern in view of the watch-dog responsibility of civil society over public policy implementation.
5. ***LG implementation exceeds devolved authority*** In general, LGs understand decentralization to refer to the opportunity for exercising devolved powers and authority over roles and responsibilities transferred from the center. However, due to their ignorance, the LLG officials often tend to exercise powers outside the provisions of the local government policy and legal framework that spell out the boundaries in which that authority can be exercised. Lack of clarity in understanding of the policy among LLG officials (mentioned in bullet 4 above) could be responsible for incidents of abuse of authority.
6. ***Decentralization effectiveness reduced by conflicts over authority*** The reported conflicts between the elected and the appointed local government Officials have stemmed from differences over the allocation and control of resources, which points to a failure to appreciate respective roles and responsibilities. This is despite the considerable investment in capacity building to address this issue. Incidents of conflict amongst the various key players in the implementation of the decentralization policy have also had a negative impact on the pace of service delivery. Huge court fines that have resulted from these conflicts have tended to crowd out other legitimate expenditure areas that would have made a positive mark on the quality of lives of the communities.
7. ***Conflicts over resource allocations:*** The reported conflicts between the elected and the appointed local government officials over the allocation and control of resources are pointers to failure to

²⁷ However, there are sections of the Private Sector who have taken their corporate social responsibilities seriously

appreciate respective roles and responsibilities. This is despite the considerable investment in capacity building to address this issue. In addition, it is also an indictment of the prevailing levels of transparency and accountability in the management of public affairs.

8. ***Unethical interference in service delivery*** Establishment of sound human resource identification, placement and development systems are keys to improved service delivery. The study reveals the unethical interference by sections of the local leaderships in the functioning of the District Service Commissions. In addition, merit as a principle is sometimes sacrificed in the staff recruitment processes.
9. ***Citizens expect better service delivery*** Beneficiaries insist that the quality and timeliness of the services is still far from adequate, while the Officials counter that both have improved in comparative terms but are not properly appreciated due to increasing new demands and challenges involved in delivery of services. Looking at the trends, it is clear that rising demands for better and increased services by an increasing and more informed population are straining existing service delivery capacity clearly implying that there is need for enhanced capacity in LGs.
10. ***Citizens can assess performance*** The perceptions of the communities about the levels and quality of service delivery are an index of the incredible capacity of the masses to appraise public policy. Gone are the days when communities were just passive recipients of service delivery from officialdom.
11. ***CSOs and LGs need to cooperate*** The study also revealed the intransigent failure at harmonizing the development activities of CSOs and the Local Governments. In an environment characterized by limited resources, it makes much sense to harness the benefits of synergies between all the key players in the decentralized development processes.
12. ***Cross cutting issues get short shrift*** In spite of significant interventions by Government to support decentralized development planning as an avenue to improved service delivery, there are residual capacity gaps in the mainstreaming of crosscutting issues (like gender, HIV/AIDS, poverty and the environment) in planning, budgeting and implementation of LG activities. In addition, a lot more remains to be done to encourage and sustain community participation in the determination of development initiatives that affect their lives.
13. ***LGs need more autonomy*** The study has also served to confirm the link between the decentralized governance system and the level and quality of service delivery. In order to deepen the commitment of the local political leadership to the implementation of the decentralization policy, greater incentives need to be extended by way of increased autonomy and flexibility in the determination and implementation of development programs. Fortunately, the requisite powers are already provided for in the various laws that guide implementation of the decentralization policy and what remains to be done is to translate them into practice.²⁸
14. ***HIV/AIDs services need coordination*** HIV/AIDS services while vastly improved and increased are still far from adequate. However the number of actors/institutions actively involved in the plethora of activities designed to address the scourge; coupled with the significant (in comparative terms) levels of resources that are being channeled to support the various interventions, suggest that even the above situation may gradually improve.

²⁸ This is an area that has created tension between LGs and the Central Government.

15. ***LGs do not own the HIV/AIDS agenda*** The HIV/AIDS LG intervention agenda may be jointly²⁹ developed but it is largely externally driven and resourced. Whereas LGs care about tackling this problem as much as everybody else, it is extremely doubtful that LGs would be able to compliment existing support by committing resources from own locally generated sources because these are insufficient there is a strong perception that there are a lot donor funds out there to meet this need and therefore they see no need to allocate scarce locally available resources. However there is large potential for implementation of the Fiscal Decentralization Strategy to lead to movements of resources from or to the health and other sectors.
16. ***LGs can play a larger role*** The study also confirms the frontline responsibility of local governments in the battle against the HIV/AIDS pandemic. Given their direct interface with the broader sections of the communities, the LGs' role is critical for realization of desired impact. LGs can also contribute other resources to this fight other than just financial, especially in the coordination of initiatives and also in mitigating the impact of HIV/AIDS or even highlighting what this impact has been since LGs functionaries can assess the situation much better and help advise or direct resources where there is the most need.
17. ***Reducing corrupt practice will require significant cultural change*** Corruption is still endemic in all the LGs visited and features prominently in procurement processes as well as recruitment of human resources in general while there have been improvements in some areas (mandatory display notices of transfers at LGs and primary schools) accountability and transparency are lacking at all levels of local government. However, the study clearly reveals that until the elected and technical leaders sincerely believe everyone stands to gain from new ways of doing things and much to lose from continued corruption and for the citizens, to be recipients of better and more reliable services and a sense that they can trust people in government, rather than be exploited by them then reduction of malpractice will take time to be achieved. The role of Civil Society as watchdogs is also critical to any efforts to reduce corruption.

DETAILED CONCLUSIONS AND IMPLICATIONS FOR USAID PROJECT INTERVENTIONS IN SUPPORT OF DECENTRALIZATION

USAID considers decentralization to be a priority for attention under its Democracy and Governance portfolio. At the time this review was conducted, USAID/Uganda's Strengthening Decentralization in Uganda (SDU I) project was coming to a conclusion and plans were underway to initiate SDU II. In addition, both USAID's AIDS Integrated Model District project (AIM) and Uganda Program for Human and Holistic Development (UPHOLD) project interfaces with decentralization in a number of ways. Accordingly, USAID asked that the review team take a special look at the implications of what it learned through the evaluation for these USAID activities.

(1) POTENTIAL SDUII SPECIFIC ACTIVITIES THAT WOULD COMPLEMENT AIM AND UPHOLD PROGRAMS

The identification of possible key activities that the follow on SDUII project could engage in to compliment UPHOLD and AIM interventions is only possible if one has adequate grasp of; past IPC and

²⁹ In some LGs like Kamuli the agenda is largely externally driven

SDUI activities; the rationale behind SDU II follow on activities (RFP), discussions with UPHOLD and AIM, and also the LG views as to where support from SDUII would be most useful.

The Consultants decided it was not useful to reproduce data on what SDU I has been engaged in or what UPHOLD and AIM are currently involved in since the SDU I activities are already part of the circulated documentation available in MEMS and USAID and also because information on the latter two is part of the periodic documentation generated by both projects. The team took as its starting point therefore;

- Views from the LGs that benefited from SDU activities on possible areas (from an UPHOLD and AIM perspective) that could be handled utilizing an SDU type modality.
- Interactions with UPHOLD and AIM in the field and headquarters
- The recommendations in the SDU I final report for further support to AIM and UPHOLD
- The three technical areas targeted for capacity building as described in the final draft design for SDU II details.
- Comparison of the above against an analysis of the findings in the field

These are examined in a bit more detail below,

a. LGs Officials' opinions on possible areas of focus under SDU II

Local Government Officials³⁰ that benefited from SDU I observed that while significant training had been conducted in their districts, capacities were still low at the Lower Levels and would be further stretched due to rollout of various activities under LGDP and FDS in addition to other complimentary sectoral programs and interventions. They therefore recommended further strategic and complimentary³¹ support to enable coverage of all Lower Local Governments (Sub counties).

Officials also recommended support to the

- Establishment of mechanisms for the coordination and harmonization of interventions in the HIV/AIDS area to ensure improved communication, sharing of information and harmonization of approaches;
- Establishment of databases for local government Personnel Department and Planning Units for better and more effective management of Human Resource and Development Planning Data;
- Continued Capacity Building for local CSOs (NGOs, CBOs and FBOs) working on HIV/AIDS in Leadership and Management Skills, basic Financial Management and Accountability and in the Provision of Basic Equipment.
- Harmonization (further) of UPHOLD and AIM implementation modalities to ensure consistence with existing LG institutions systems
- Further nurturing of Good Governance especially in the areas of roles and responsibilities of other actors working with local government institutions.
- Assist in the identification of local strategies that would enable building credibility in the operations of Local Government Statutory Bodies (District Service Commission (DSC), Local Government Tender Board (LGTB) and Public Accounts Committee (PAC)).

³⁰ LG officials with specific opinions were mostly appointed, the elected officials appreciated 'any' support they could get but were not very sure as to the areas exactly

³¹ LGDP II would be handling areas under CBG and

b. UPHOLD and AIM Field interactions

A few areas were identified but these have to be backed up with final visits with the headquarter offices in Kampala. Those identified by field representatives include support to coordination institutions like the DHAC and DHATF and streamlining and supporting the LG reporting and accountability procedures. AIM and UPHOLD field representatives acknowledged that there were a number of competing demands at LG levels which coupled with limited resources, led to delays in completion of routine activities.

c. Recommendations of the SDU I Final report

The SDU I final report observed that even though LGs were in place and functioning they still needed further support to enhance capacities because they were not in a position to effectively execute all mandated responsibilities. Continued support was recommended to focus on three areas namely;

- Local procurement processes including anti-corruption;
- Fiscal decentralization and
- Enabling activities that strengthen community and CBO linkages with LGs and which provide effective tools for management capacity building and service delivery.

d. The three technical areas in the final SDU II design report

The three technical areas are support to Fiscal Decentralization Strategy implementation with a focus on building capacities and competencies in LG planning and budgeting procedures considered to be essential pre-requisites to assuming the benefits of decentralization; effective implementation of the new structures and functions of public procurement at LG level and finally redefine and apply best practice to LG Local Revenue Enhancement.

e. Proposed institutional focus

It is important to note at the outset that three considerations have major influence on the scope of possible areas for SDU II type support, the first being the fact that US federal regulations prohibit budget support modalities (SDU II, UPHOLD and AIM are all implemented under three project support institutions). The second issue is the fact that beneficiary or partner institutions in LGs overlap implying need for focused coordination. The Consultants also consider the need to build and strengthen existing institutions and systems as key to any complimentary effort

An analysis of the above and consideration of the implementation modalities of the projects suggests that the logical first step, based on the fact that the broad areas of intervention have already been identified (Primary Education, Health, HIV/AIDS, FDS, LG Procurement Institutions and LRE) would be the identification of the specific institutions responsible for these areas at LG level. The rationale for the selection of these institutions lies in the fact that they are responsible for a broad range of functions requiring both minimum and enhanced competencies for them to deliver respective mandates and also that they have a steering or management function that is critical to implementation of key activities some or most of which are central to USAID project efforts;

- HLG and LLG Sectoral and Management support institutions, which include HLG Health and Education Sectoral Committees, the Planning Unit as well as the Technical Planning Committee.
- The District HIV/AIDS Committee and District HIV/AIDS Task Force have been established as coordination institutions for the various interventions focusing on HIV/AIDS.

- CSOs engaged in health, education and HIV/AIDS.
- Statutory bodies including the Local Government Tender Board, LG Public Accounts Committee especially in the development of performance management and monitoring tools whose output would assist implementation of annual plans.
- The Internal Audit Departments, which together with the LG Public Accounts Committee have failed to stamp their presence firmly on the LG Decentralization processes, especially from the perspective of their respective support and watchdog role.

Specific areas that SDU II could collaboratively focus on in particular would include;

- a. Procurement process for grantees; issues to do with streamlining, integration with LG systems and the use of LG institutions
- b. Harmonization of USAID type support accountability and reporting modalities with existing LG arrangements (to the extent possible)
- c. Integration of various Health, Education and HIV/AIDS plans and supported interventions into the three year rolling District Development Plans

F. RECOMMENDATIONS

The recommendations have been oriented to reflect what existing or future USAID support can do.

1. Areas for USAID engagement with GoU and other key actors like ULGA
 - a. In view of the considerable efforts invested in capacity building in the past, more innovative (radical) approaches need to be developed so that actual appreciation of the roles and responsibilities is reflected in practice.
 - i. One possibility would be to make these relationships part of the ‘annual assessment framework performance criteria’³², so that rewards for good performance also reflect existence of mutually beneficial working relationships and systems. For a start, emphasis should be on genuine moves at putting in place conflict resolution mechanisms.
 - ii. The need for conflict resolution mechanisms is likely to be more imperative with increased autonomy and flow of resources to local governments. The MoLG could take the frontline responsibility for assisting LGs develop test and establish LGs conflict resolution mechanisms.
 - b. In addition, the need to strengthen and institutionalize effective internal control mechanisms cannot be over emphasized, because protection of public resources are a matter of paramount importance. In this regard, there is urgent need for programs to continuously improve the capacities of Local Governments in planning, financial management and accountability.

This and the first issue (a) are very much related to on going capacity building efforts under the LGDP II and other complimentary interventions, however specific aspects also impinge on the

³² The Assessment manual will soon be due for revision.

relationships between the CG and LGs. These issues could be brought to the attention of the Technical Working Group for consideration by the Capacity Building Unit in the Ministry of Local Government as well as Senior Management representatives from key Ministries like MoFPED, MoES, MoH and MoLWE who are responsible for the flow of resources for sectors in LGs.

- c. As mentioned under the section on conclusions above, there is need for periodic refinement of the decentralization policy in view of the myriad unfolding public sector reforms. The Joint Annual Review of Decentralization (or JARD) held in November 2004 was a step in the right direction. USAID interventions could ensure that the next and subsequent reviews are informed by the experiences and lessons learned during implementation of USAID support. This could be done by assisting LGs conduct comprehensive assessments of performance in line with the LGS legal and policy framework.

USAID EFFORT AND LGS

- a. In the light of the increasing role of the private sector in determining the shape of the local economies, there is need for USAID effort to support LGs to identify specific measures to upgrade their capacities and enlist their participation in decentralized development planning and budgeting. Such institutions to be targeted for capacity enhancement are the petty contractors. Increase of the capacity of the local private sector agencies would boost their capacity to compete for the local contractual opportunities, meaning that the available investment resources would remain within the local economy. On-going mechanism to track capacity improvements include the annual LGDP assessments and Value for Money audits that monitor LG compliance and performance as well as economy, efficiency and the effectiveness of investment projects.
- b. In view of the need for sustainability of the LGs HIV/AIDS response initiatives, LGs need to be assisted to bring this issue to the forefront on the LG agenda, especially with regard to devising approaches to identify local resources for funding of such initiatives. For example as mentioned earlier, LGs can also contribute other resources to this fight other than just financial, especially by establishing and utilizing an effective coordination framework to guide the various initiatives. In addition, in order to institutionalize coherence in the implementation of the vast array of HIV/AIDS response initiatives, robust coordination mechanisms need to be established and supported.
- c. It is widely recognized that cross-cutting issues of HIV/AIDS, gender and environment need to be integrated into the local government planning and implementation process but the requisite capacities of staff have not been developed. Targeted capacity building should facilitate increased understanding of mainstreaming or integration of cross cutting issues, above and beyond mere assignment of individuals or (and to supplement) focal point persons. This is within the realm of UPHOLD and AIM mandate.
- d. There is a general consensus that the HLGs have had a fair share of sensitization and capacity building around the decentralization policy, it is strongly recommended however that further efforts now need to shift emphasis to the LLCs particularly at Parish and Village level. The content of the sensitization should be focused on key messages on policy, the role of the LLC persons particularly in the airing of demands and establishment and use of communication channels for the presentation and feedback of community issues and demands. This can be enriched with effective IEC materials.

- e. Possible areas where SDU II could compliment other USAID efforts include focused capacity building targeting key LG institutions with management, planning and supervisory functions, as well as the LGTB, whose mandate is critical to the smooth functioning of LGs. Other specific areas suggested include procurement process for grantees-issues to do with streamlining, integration with LG systems, use of LG institutions; harmonization of USAID type support accountability and reporting modalities with existing LG arrangements (to the extent possible) and finally integration of various Health, Education and HIV/AIDS plans and supported interventions into the three year rolling District Development Plans.
- f. Efforts should also be made to ensure that all communities internalize the meaning of poverty eradication and their role in the pursuance of this goal. This and other development messages should form the basis of a civic education effort or intervention facilitated by CSO in the USAID supported districts.

The team understands that some of the recommendations may fall outside the ambit of current or on going USAID effort, in which case it is recommended that such issues be brought forward on LG development agenda as gaps for future support possibly from other development partners.

G. LESSONS LEARNED

Development partners have always been accused of (inadvertently) undermining existing LG systems and institutions that they are supposed to strengthen or enhance in the first place. This usually happens when project support implementation modalities actually increase the burden of LG operations (additional accounting or reporting formats, bank accounts, separate monitoring and evaluation as well as parallel implementation arms). UPHOLD and AIM (of late and changes in reporting requirements notwithstanding) have been able to *largely*³³ avoid this through current implementation arrangements. Implementation has taken place within existing institutional setting and largely utilizing LG systems, which is an important lesson for future USAID support.

³³ USAID Federal regulations do not allow certain budget support implementation arrangements

H. ANNEXES

Annex 1: SOW

Annex 2: Methods

Annex 3: Map of Uganda

Annex 4: Bibliography

Annex 1

Scope of Work for the Special Study on Progress in Decentralization in Uganda



USAID-FUNDED ACTIVITY

Final Copy
July 20, 2004

Background

Over the past 20 years, decentralization and democratic local governance have assumed a prominent role in the politics of developing and transitional countries. Governments and citizen groups in scores of countries are pursuing decentralization and the development of democratic local governance in order to make their governing institutions more effective and responsive.

The Local Governments Act, 1997 in line with the Constitution of the Republic of Uganda, consolidated/streamlined the laws on decentralization to ensure good governance and democratic participation in, and control of decision making by the people. Today, all local governments have the powers to make, approve and execute own budgets, raise and utilize resources according to community priorities. Despite the significant strides made by government of Uganda to devolve power to local governments, there are challenges to its implementation.

USAID/Uganda started key activities designed to support the Government of Uganda's (GOU) efforts to decentralize and simultaneously improve service delivery, ultimately contribute to "more effective and participatory governance". The three most relevant of these activities, for purposes of this assessment are:

- Strengthening Decentralization in Uganda (SDU)
- AIDS/HIV Integrated Model District Program (AIM)
- Uganda Program for Human and Holistic Development (UPHOLD)

See <http://www.usaid.or.ug/program%20information%20sheets.htm> and short summaries in the text box on the following page. These activities have, in different ways, supported USAID/Uganda's efforts to strengthen decentralization in Uganda and to improved local government services delivery. AIM and UPHOLD, with key collaboration of the SDU activity, have focused on planning and delivery of health, education, and HIV/AIDS service. Thus, while these programs each have distinct goals and priorities, there has been significant collaboration among these programs.

Strengthening Decentralization in Uganda (SDU)

USAID's assistance to the decentralization process began in late 1999 with the Implementing Policy Change (IPC) Pilot Project in Gulu and Kamuli districts. The three-year SDU project which succeeded IPC started operations in August of 2001 in six more districts (See Attachment 4). The SDU activity supported the officials of both local governments and some local Civil Society Organizations (CSOs) in a bid to strengthen both governance skills and the government/CSO dialogue to make them effective development partners. SDU has conducted capacity building activities for these districts in the areas of:

- District planning, financial management, and accountability
- Local tendering and contracting management
- Roles and responsibilities of elected officials, Leadership and good governance
- Advocacy, lobbying skills for women councilors and networking
- Given small grants to **institutions** (local governments and/or CSOs)

AIDS/HIV Integrated Model District Program (AIM)

The AIM activity is funded by both USAID and CDC. AIM started its 5 year program in Uganda in July 2001 with a mandate from the Government of Uganda. AIM works with the Uganda AIDS Commission (UAC), Ministry of Health (MOH) and other ministries and agencies. At a national level AIM supports activities such as HIV/AIDS policy and guideline development, Tuberculosis initiatives, networking and collaboration with government and NGOs. However, the primary focus of AIM's involvement is in the districts. In particular, AIM works with the District HIV/AIDS Committees (DHAC's) and their partners. AIM does not directly implement but supports and strengthens district level service implementation through technical assistance and financial support in 16 districts (See Attachment 4).

Uganda Program for Human and Holistic Development (UPHOLD)

USAID through UPHOLD works to assist Ugandans to achieve longer and more productive lives through interventions in three integrated social sectors: Education, Health and HIV/AIDS. UPHOLD/Services focus on service delivery at the district, sub county and community level in 20 districts (See Attachment 4), while other USAID efforts focus on policy reforms and an enabling environment at the national level.

At the national level, SDU, AIM and UPHOLD projects have worked closely with a number of line Ministries, including those of Local Government, Health and Education. SDU's management, moreover, has regularly participated in meetings of the Donor Decentralization Support Group (DDSG), giving SDU an opportunity to coordinate SDU activities with those funded by other donors, particularly with the second phase of multi-donor Local Government Development Project (LGDP II).

Scope of Work.

USAID has assisted local governments World wide in the delivery of public services. The Agency funds a number of projects in local communities and through its community development programs, its early experience with local governments has generated important lessons for its work today. Program experience with local governments has highlighted potential pitfalls at the local level. There are problems with raising local revenue, capacity to deliver services and corruption, which undermine the sustainability

and effectiveness of local programs. It is therefore necessary to conduct a special study to assess the recent trends and problems encountered in the implementation of the decentralized services in Uganda, and thus to help strengthen approaches among new and on-going USAID supported activities.

However, duplication should be avoided. The SDU II design effort reviewed a number of assessments and 'lessons learned' studies. There is furthermore a recent study by the African Development Bank (ADB) in Uganda that examined policies being pursued by the GOU in support of decentralization, and among other things identified capacity needs in order to address gaps that hinder the efficient implementation of the government's various decentralization programs. Hence, the USAID special study is to examine decentralization in Uganda across board, but focusing on those key questions not currently addressed in the ADB study to understand the following areas:

- i. How do local governments (both elected and appointed officials) understand the concept of decentralization and how does their understanding affect the effectiveness of decentralization at the district and lower local government levels?
- ii. How effective is the implementation of government of Uganda's decentralization policy?
 - What is the relationship between line ministries and local governments at both headquarters and the district level?
 - How do service users (beneficiaries) perceive the quality and timeliness of government services?
 - What has been the role of the private sector in service delivery?
- iii. How adequate is the delivery of HIV/AIDS services by the local governments?
 - Identify key specific activities that SDU II might, within its scope to implement key areas assigned, directly support AIM and UPHOLD programs, especially, what particular activities could SDU II implement to support AIM & UPHOLD's partner district in (a) planning and budgeting processes in order to get these districts to allocate more money for social sectors particularly HIV/AIDS; and (b) more effective procurement of related services?
- iv. How has corruption impeded service delivery by local governments under decentralization?
 - What major areas have been identified by the public as corrupt practices at the local level? What patterns of complaints are associated with or identified as 'actors' in local government procurement process? Are problems more: 'front firms' and/or nepotism? Are there price-fixing, pay-offs and other collusion with private sector vendors, or is there inadequate attention to standards and completion by contractors? If so, who is responsible for such practices among the following actors: the Local Tender Board, CAO, Councilors, other?
 - To what extent is corruption attributable to procurement?
- v. What has been the role of local governments in local economic development?
How can efforts under SDU and other support to decentralization contribute to USAID's programs under SO7?

Performance Information Sources

During the performance of this assignment, the following are some of the information sources that the consultant should review/contact:

- The study by African Development Bank on Institutional support project for Uganda to prepare the decentralization component of good governance, 2004. *[This is necessary to avoid duplication and/or overlap in the districts asking for the same information].*
- Analyze any other studies that may have been done to address the above stated areas/gaps such as the USAID study prior to the design of SDU II.
- SDU II's RFP and Contract
- Relevant reports per thematic area from: IGG, Parliament; Uganda Debt Network, and other civil society sources.
- The Local Government Development Program (LGDP) annual assessment Reports for minimum conditions and performance measures for local governments. 2002, 2003.
- Study/Report on procurement by a team of Consultants contracted by SDUI
- Interviews with some line ministries and local governments staff e.g. Elected and appointed officials at district & LCIII, Women Councilors, District CSO networks, Local Tender Board members,
- Interviews with central government staff e.g. officials from the Local Govt. Finance Commission, Ministry of Local Government (especially dept. of local councils Administration) and staff of other line ministries

Given the multi-sectoral nature of the special study, it is recommended that the Consultants select a sample of districts from those that consists at least two of the three USAID activities (SDU, AIM, UPHOLD) for their field visits (See Attachment 4 with the districts highlighted in color).

Deliverables

The Consultants shall produce a short written report (no more than 30 pages of text in the body of the report (exclusive of the Executive Summary and annexes) addressing the topics listed above. The report shall focus on evidence required to answer the questions posed by this SOW, including specific examples of activities that illustrate the degree of effectiveness/in-effectiveness and cost-effectiveness of the activities implemented. In addition, the report shall identify recent trends and challenges in the implementation of the Decentralization policy over the period of USAID/Uganda support to decentralization implementation, and shall evaluate the degree to which it responded to those changes as well as achievement made attributable to their activities or interventions. Finally, the report shall include a list of recommendations as to how USAID/ Uganda programs supporting decentralization, in light of their goals and scopes of work, could structure their work to increase impacts or be more cost effective. Through the Monitoring and Evaluation Management Services (MEMS) project, the Consultants shall provide to USAID/Uganda seven hard copies and one electronic copy (in Microsoft Word 97, Times New Roman 12 point font) of the Final Report.

Team Composition and Participation

USAID/Uganda anticipates that this review will require the combined skills of:

- Two local evaluators (One as a team leader)
- MSI Counterpart (Expert in decentralization to review the report)

The consultants should have a strong background and knowledge of the Ugandan system of Decentralization as well as the challenges facing decentralization in Uganda. They should also have good methods and data collection skills and should maintain the objectivity and independence of the study; special care should be taken by the team members to have no evident conflicts of interest. That is no

potential biases or vested interests in the study outcomes. In addition, the team should ensure that as a whole, the report is balanced and represents various points of view. The two local evaluators will do the actual field work and report writing while the MSI counterpart will review and make substantive contributions to the report.

Reporting and dissemination

MEMS project on behalf of its client USAID/Uganda will be responsible for overseeing the operations and effectiveness of this assignment. The team shall execute the assignment in close consultation with the MEMS Chief of Party (COP) or the Technical Director and the key liaison person for Democracy/Governance. The consultants shall ensure that reports are handed over in good time to allow enough time for comments and feedback. The Consultants will also be required to make an oral presentation of their key findings to MEMS, USAID and other relevant stakeholders that will be determined by USAID at the time of handover of the report.

The Team shall be required to submit to USAID a Final version of the report that is responsive to USAID comments within one week. The final report will be submitted in both hard copy and electronic form. The electronic submission to USAID is intended to facilitate compliance with USAID's requirement for the delivery by USAID operating units of an electronic copy of every completed Special Study to USAID/PPC/CDIE at cdie_acq@usaid.gov.

Terms of Payment:

The Consultants assigned to work on this Special Study on decentralization will be paid in accordance with their individual contract with MEMS Project, but in no case will final payment be issued prior to MEMS acceptance of their final report.

Budget in (Person days) for Each Consultant

No.	Acti vi ty	Local Consultants Time	I nternati onal Consul tant
1.	Preparati on /Document review	5	-
2.	TPM Initial Meeting with USAID, Study preparati on	1	-
3.	Fieldwork	20	-
4.	Data analysi s and Preparati on of Draft report	10	-
5.	Prepare draft comprehensive report based on comments from oral briefing for USAID /ME MS	2	-
6.	Preparati on of final report based on wri tten comments from USAID	2	-
7.	I nternati onal consul tant review of draft eval uati on report		5
	Total	40	5

ATTACHMENT 1

ILLUSTRATIVE REPORT OUTLINE

Cover Page (standard MSI format, identifying the title of the study, the date of the study both recipient's name and those of the members of the study team)

Preface or Acknowledgements

Table of Contents

List of Acronyms

Lists of Charts, Tables or Figures [Only required in long reports that use these extensively]

Executive Summary [Stand-Alone, 1-3 pages, summary of report. This section may not contain any material not also found in the main part of the report]

Main Part of the Report

1. **Introduction/Background and Purpose:** [Overview of the study. Summarizes the development problem addressed and the kind of assistance provided. Covers the purpose and intended audiences for the study and their main concerns as identified in the SOW.]
2. **Study Approach and Methods:** [Brief summary. Additional information, including instruments should be presented in an Annex]
3. **Findings:** [This section, organized in whatever way the team wishes, must present the basic answers to the questions, i.e., the empirical facts and other types of evidence the study team collected.]
4. **Conclusions:** [This section should present the team's interpretations or judgments about its findings.]
5. **Recommendations** [This section should make it clear what actions should be taken as a result of the study.]
6. **Lessons Learned.** [In this section the team should present any information that would be useful to people who are designing/manning similar or related new or on-going activities in Uganda or elsewhere. Other lessons the team derives from the study should also be presented here.]

Annexes [These may include supplementary information on the study itself; further description of the data collection/analysis methods used; data collection instruments; lists of persons interviewed; statistical tables, an other relevant materials.]

ATTACHMENT 2

TENTATIVE PLAN FOR THE TPM FOR THE DECENTRALIZATION STUDY

Date:

1. Preliminary discussion with MEMS COP, Technical Supervisor and SO9 Liaison for the clarity of the SOW; technical questions and issues; logistics for the study; MEMS expectations for the study report; the importance of sorting out team roles and responsibilities at the start of the process.
2. Meeting with USAID. briefing from USAID on activities related to decentralization (SDU, AIM, and UPHOLD; potentially SO7 activities), discussing the purpose and audiences for the study; priority SOW questions from USAID's perspectives. Discussion of any issues.
3. Planning session: Study team opportunity to develop a detailed a plan for responding to the scope, including proposed approach, methods and instruments for data collection; data analysis plan, including analysis methods to be used.
4. Team presentation and discussion with MEMS staff of its proposed approach to the study, including data collection methods, timing, etc., and its plans for data analysis. The team should make clear in this session how much additional time it will spend refining its plans and instruments before beginning to collect data through direct interviews, observation, etc. This presentation should also cover team roles and responsibilities as the team has worked them out.

ATTACHMENT 3:

WORK PLAN FOR THE DECENTRALIZATION STUDY

No.	ACTIVITY	VENUE	DATES
1.	Study set-up, e.g. Preparation of potential list of names and phone numbers of interviewees,		July 12 2004
2.	Team review of SO W, reports and other relevant materials.	MEMS' office	July 13 th -14 th , 2004
3.	TPM for the decentralization study, including discussion of the SO W with USAID. Evaluation Team develops field data collection plan, including relevant instruments; data analysis plan and relevant forms/tables; divides roles and responsibilities, prepares detailed schedule, and report preparation/writing schedule and assignments. Interviews scheduling for data collection continues.		July 15 th -19 th , 2004
4.	Field Data collection		July 20 th -August 16 th 2004
5.	Analysis of findings evaluation findings, formulation of conclusions and recommendations/lessons learned, preparation of a Power Point or Flip Chart presentation, or a typed summary of findings, Conclusions and Recommendations for USAID.	MEMS' office	17 th -30 th August 2004
6.	Oral briefing on the results for USAID	USAID office	August 31 st 2004
7.	Report writing Continues (Draft)	MEMS' office	
8.	International consultant review of draft evaluation report		Sept 1 st -7 th 2004
9.	MEMS' staff technical review and submission of report draft	MEMS' office	8 th Sept 2004
10.	USAID comments incorporated into final version of the evaluation report; final report submitted to USAID by MEMS	MEMS office	

ATTACHMENT 4:

SDU/AIM & UPHOLD AREA OF OPERATION

No.	Districts	SDU	AIM	UPHOLD
1	Apac	1	1	
2	Arua		1	1
3	Bugiri			1
4	Bundibugyo			1
5	Bushenyi		1	1
6	Gulu	1		1
7	Kabale	1		
8	Kamuli	1		1
9	Katakwi		1	1
10	Kibaale		1	
11	Kigtum			1
12	Kumi		1	
13	Kyerog			1
14	Lira		1	1
15	Luwero	1		1
16	Mityaga			1
17	Narara	1		1
18	Mubende		1	1
19	Nakapiripiti			1
20	Nakasongola	1		
21	Nebbi		1	
22	Ntungamo		1	
23	Pader		1	
24	Pallisa		1	1
25	Rakai			1
26	Rukungiri		1	1
27	Soroti		1	
28	Tororo	1	1	
29	Wakiso			1
30	Yumbe		1	1
	TOTAL DISTRICTS	8	16	20

Annex 2

Evaluation Methodology

Five main parameters were identified as central to development of the methodology and informed development of the work plan these were:

- The selection process that would determine LGs to be visited
- Selection of the Respondents
- Interview guide for individual and group interviews as well as secondary data collection through document reviews
- Schedule of visits
- Data Compilation and Analysis

District selection

The selection process took as its point of departure, the requirement in the Scope of Work (SOW) that the Consultants conduct field visits in USAID supported Local Governments, with the minimum criteria being the presence of at least two interventions from either SDU, AIDS Integrated Model (AIM) or Uganda Program for Human and Holistic Development (UPHOLD) projects. Using this consideration as the principle criterion, 14 out of a total 30 USAID³⁴ supported District Local Governments (DLG)³⁵ qualified. This universe was further screened and led to the selection of 9 LGs. The following criterion was utilized to screen the 14 LGs:

Regional representation.

Choice of one of any two districts located in the same region and having propinquity with other related interventions e.g. AIM and UPHOLD.

In the Northern and Eastern Regions two districts with Internally Displaced People (IDP) Camps, since presence had impact on decentralization.

One of the districts that piloted the USAID supported Implementing Policy Change (IPC) project in 1999-2001

The 9 selected LGs had the following characteristics

4 LGs out of the 8 SDU Districts (50% of all SDU districts), 6 LGs out of 16 AIM Districts and 8 LGs out of 20 UPHOLD Districts.

Kamuli District was chosen to represent one of the IPC pilot districts

Lira and Katakwi LGs represented Districts with people in IDP camps (North and Eastern Region)

³⁴ See Annex 1 attachment 4 for breakdown of USAID supported districts

³⁵ There are altogether 56 District Local Governments in Uganda

The selected LGs depicted a fair representation of the universe of 30 USAID supported districts and the number of 9 LGs provided an opportunity for acquiring the depth³⁶ necessary for study purposes. It was also proposed that for purposes of depth, the Consultants would cover at least 6 Sub Counties in total.

Respondents

Respondents were selected using a multi level approach and included but were not necessarily restricted to:

- District level – Members of the District Executive and the Technical Planning Committee as well as representatives from statutory boards and commissions and from the private sector
- Sub County level, Members of the Executive as well as Technical Planning Committee, Parish Chiefs, Staff at the Health Sub Districts
- Personnel at the Regional Offices in UPHOLD, AIM, and SDU
- The Officer in Charge of Inspector General of Government (IGG) Regional Office Eastern
- Representatives from CSOs working with or supported by SDU, AIM & UPHOLD.
- Selected communities and where possible household groups

While selection of elected or appointed respondents was pre-determined by existing protocol requirements, respondents from communities and beneficiaries were selected randomly.

Respondents included the following;

- Policy and Planning Division Officials in Ministry of Health (MoH), Ministry of Education (MoE)*, Ministry of Local Government (MoLG) and the Ministry of Finance Planning and Economic Development (MoFPED)*
- AIM, UPHOLD and SDU II Staff in Kampala*
- USAID SO 9 Team Representatives

Development of Interview Guide

As a tool to guide the study process, the consultants developed a checklist / interview guide that was used to solicit responses from respondents. The checklist was developed around the themes of perceptions of decentralization, accessibility and effectiveness of service delivery, HIV/AIDs specific interventions, the effectiveness and adequacy of related services, the role of the private sector in local governments, corruption and the role of local governments in local economic growth and development. The interview guide is attached as annex 3

Schedule of Visits

At onset of the study, the consultants drew up a schedule for the visits to the local governments. Where possible appointments were made with the respective LG administrators and CSOs but in the majority of cases most personnel had tight schedules and it was not possible to meet all the target respondents particularly at the lower local government level where staff were reported to have gone to the district headquarters for one reason or another. The cellular or mobile phone was an indispensable tool in tracking and arranging meetings with all kinds of respondents. In Katakwi District the consultant could

³⁶ Depth was found to be relative since time allotted for district visits also included time for movement between targeted locations.

not meet the HIV/AIDS/ UPHOLD Focal Point Persons, as they were busy engaged in conducting a Household survey.

The consultants were on five occasions able to conduct group discussions with local government staff in Bushenyi, Apac, Lira, Luwero and Kamuli Districts, while in three sub counties of Akokoro, Barr and Kyamuhunga, the consultants had joint meetings with technical staff and councilors.

In all districts sampled, the consultants were able to conduct key informant interviews with service beneficiaries at health facilities, private contractors and community leaders. Such respondents were picked at random whenever opportunity allowed. In Lira, Apac and Katakwi, the consultants employed the services of an interpreter to enable translation of the concepts into the local languages and also to allow for free discussion with respondents who were not fluent in English.

Data Compilation and Analysis

Data was compiled on a daily basis and analysis involved an assessment to which reactions represented a majority, minority or average view at the various levels or the extent of repetitiveness of responses on salient issues related to the study parameters.

Interview Schedule

Proposed Check List for Review of Decentralization in selected USAID supported Local Governments

1. Checklist

A checklist was developed to guide the interviews with the proposed respondents and was pre tested in Arua DLG in the first week. The list was developed on the basis of the questions in the SOW, considered to embrace the thrust of the evaluation study. These core themes identified are:

- a. Decentralization policy implementation and its effectiveness
- b. Central and Local Government relationships or lack of them
- c. Corruption in LGs
- d. Effectiveness of HIV/AIDS interventions and budgetary allocative decisions in the social sector
- e. The private sector involvement in LG sector
- f. Local revenue generation and factors responsible for performance

How do local governments (both elected and appointed officials) understand the concept of decentralization and how does their understanding affect the effectiveness of decentralization at the district and lower local government levels?

- a. What are the HLG and LLG Officials (elected and appointed) perceptions of decentralization?
- b. What have been the challenges and achievements that have been recorded in the last five years of implementation of the policy?
- c. What was the CSOs / Private Sector perceptions / understanding of the concept of decentralization and their role in implementation / service delivery? How did they relate with LGs?

- d. What are the LLC/Community perceptions of Decentralization? What did the various parties or members of the community associate the policy with?
- e. What are the communities' views on the service delivery in the last five years?
- f. And because the policy specifically refers to devolution of powers to LLC/Gs to participate in the Planning, implementation, Management, Monitoring, Utilization, Maintenance and Accountability of public resources and utilities we need to determine how a) to e) above influences the participation of the communities in implementation of decentralization by finding out:
 - i. How the communities are involved now and five years ago?
 - ii. What kinds of information flow channels are in place?
 - iii. How effective were the channels for information?
 - iv. How did the communities view participation in the planning process?
 - v. What changes could be associated with delivery of various services in the areas in the last five years?
 - vi. What is the community or local perception of Poverty Eradication – as understood in the context of planned implementation of local government activities?
 - vii. To what extent do councils particularly at the lower levels understand their roles in planning, decision making, implementation and monitoring of LG development activities?
 - viii. What is the perception of CSOs of “participatory planning and involvement of beneficiaries” in the planning for development programs/ activities?
 - ix. Which activities / programs have specifically aimed at advocacy, lobbying skills for women councilors and networking?
 - x. How have the women featured in LG operations and what improvements in their involvement in LG operations can be recorded?

How effective is the implementation of government of Uganda's Decentralization policy and how do service users (beneficiaries) perceive the quality and timeliness of government services?

- What are LGs and LLCs and the communities' views on service delivery with regard to quality and timeliness keeping in mind comparison/trends (pre and post decentralization situation)?
- To what extent do the services delivered actually solve the problems they are supposed to address in the first place? What are the perceptions with regard to poverty reduction or alleviation?
- Has the concept of services being taken closer to the people become a reality?
- How do the services delivered compare now and ten years ago?
- Do the beneficiaries of the services think the delivery is timely? What does timeliness mean in their specific contexts?

What is the relationship between line ministries and Local governments at both headquarters and the district level?

- How have LGs been relating to or interacting with line Ministries in the Center? Key Informants will include the LG Executive, the CAO and HoDs.
- How do key Ministries interact with LGs?
- What factors affect these relationships?

What has been the role of the Private sector in service delivery?

- How does the private sector feature in the implementation of decentralization?

- What particular categories of the private sector mostly interact or are involved in the service delivery?
- What do LGs think about private sector involvement and the extent it influences delivery of services?
- What does the private sector perceive to be its role in the delivery of LGs services?

How adequate is the delivery of HIV/AIDS services by the local governments?³⁷

- Who are the actors involved in activities designed to address HIV/AIDS?
- What constitutes the key activities LGs have developed or employed to address the HIV/AIDS scourge?
- To what extent are these activities or strategies actually being implemented?
- To what extent are the implemented activities actually addressing the scourge?
- What do the beneficiaries of HIV/AIDS intervention think about at both LG and CSO levels

Identify key specific activities that SDUII could implement to directly support the AIM and UPHOLD programs e.g. what particular activities could SDUII³⁸ implement to support AIM & UPHOLD's partner district planning and budgeting processes in order to get these districts to allocate more money for social sectors particularly HIV/AIDS³⁹.

- i. Interview UPHOLD and AIM and find out
 - Future intentions and activities they are currently implementing
 - How they have engaged with LGs in targeted areas of operation?
 - Their experiences and challenges as far as implementation is concerned
 - How have the planned activities of both interventions been integrated in LG planning and budgeting processes?
- ii. How did SDU support various LG planning and budgeting functions in the various areas of operation?
- iii. What do LGs think could be areas for focus in the succeeding SDU II?
- iv. What influences LG rationale for budgetary allocative decisions generally?
- v. What influences LG rational for budgetary allocative decisions in the social sector in particular?
- vi. After considering the specific mandates of AIM, UPHOLD, where are the possible areas for SDU complementarity?

How has corruption impeded service delivery by local Governments under decentralization?

- What major areas has the public identified as corrupt practices at the local level?
- What patterns of complaints are associated with, and who are identified as 'actors' in, local government procurement processes?
- Are problems more associated with: 'front firms' and/or nepotism?
- Is there price-fixing/payments and other collusion with private sector vendors or
- Is there inadequate attention to standards and completion by contractors?

³⁷ The key thing here is the common understanding of the word 'adequate'.

³⁸ SDU II is already in startup phase and the Consultants' understanding is that they have developed a framework that will inform future activities

³⁹ The Consultants believe that UPHOLD and AIM involvement in planning and budgeting processes should go beyond merely influencing budgetary allocation decisions but strengthen the systems and institutions in a manner that leads to effective and rational decision making as they address various social sector priorities including HIV/AIDS

- If so, who is responsible for such practices among the following actors: the Local Tender Board, CAO, Councilors, Other?
- What would be the possible remedies to address identified areas of weaknesses/concern
- What challenges have influenced procurement processes in LGs?
- What successes as far as contracting and local tendering can be listed?
- To what extent has external influence from politicians affected the procurement?
- How is conflict of interest managed or avoided?
- Over the last five years how have compliance levels varied?
- What relation is there between the compliance and the quality of goods and services procured?

What are the key factors/best practices responsible for improvements in local revenue collections/generation that explain why some local governments perform better than others?

- What are the factors that influence revenue generation performance?
- What are the percentage contributions of special external assistance (donor, MOLG, line ministry, other) to the local governments' budgets?
 - LGs will be requested to provide LG budgets and plans reflecting this information
- To what extent do councilors participate in the effective mobilization of the masses to generate revenue and pay taxes
- What is the status of property tax issues regarding 'privatization' of collections?
 - Urban councils where property tax collection has been privatized will be requested
- What other legal or regulatory changes could affect the revenue generation?
 - What needs to be done in the policy and legal framework that could significantly influence revenue generation in LGs

4. Schedule of field visits

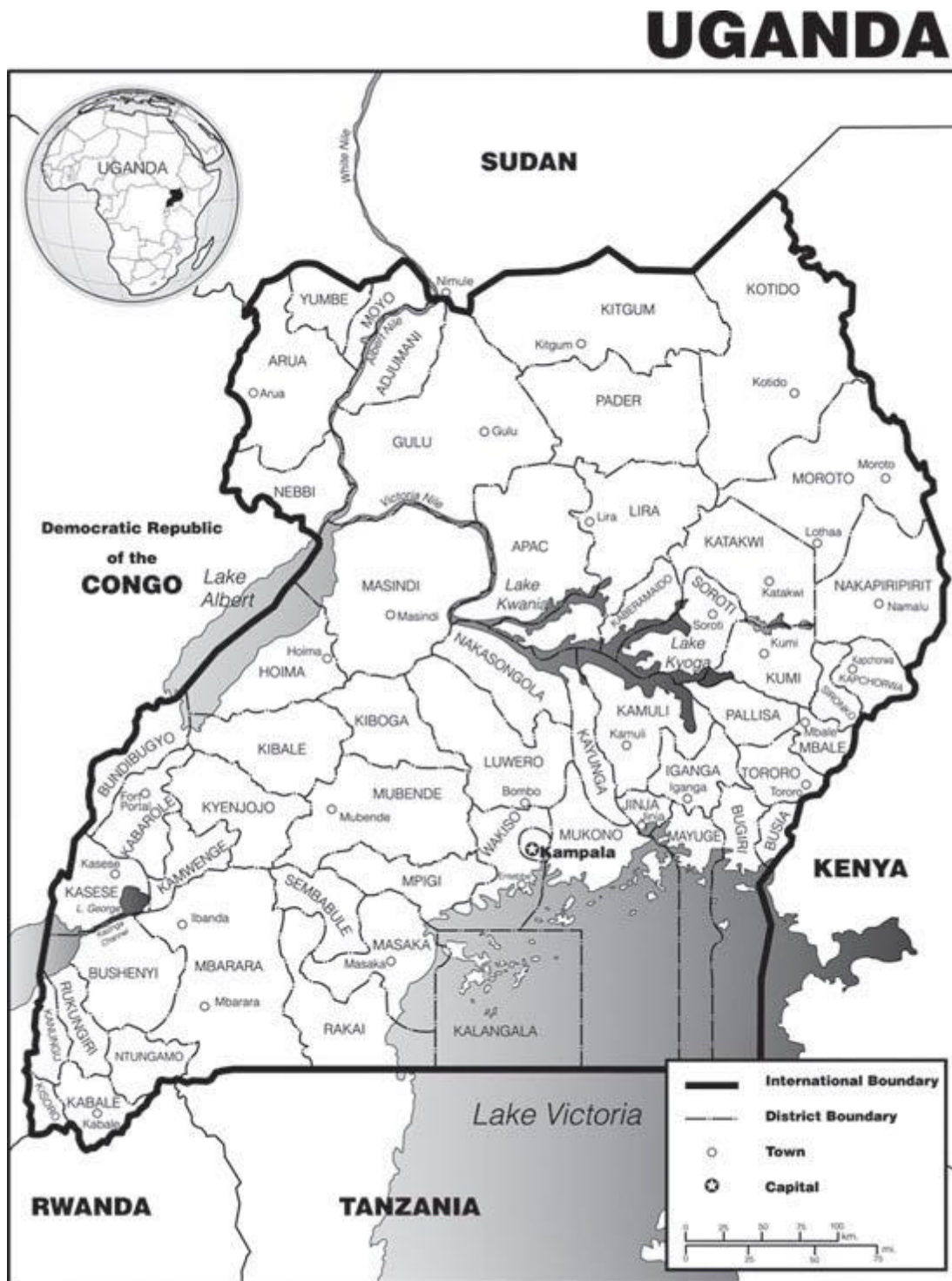
Option 2 –

Week	Day / Date	Organization / District	Projects to be Covered	Remarks
Week 1	Mon 2 nd August	ME MS	Desk Review & Ref Materials	Discussion of Methodology and Work Schedule & Logistics
	Tue 3 rd August	USAID		Share methodology & Work Schedule
	Wed 4 th – Thu 5 th Aug	Arua	AIMUPHOLD	Field Consultations with Key Stakeholders UPHOLD and AIM officials will also be visited
	Fri 6 th Aug	Return to Kampala		Touch base with UPHOLD
Week 2	Sun 8 th August	Travel to Bushenyi	AIMUPHOLD	Stay in Marara
	Mon 9 th Aug	Bushenyi		Interview Key respondents at district and sub county level
	Tue 10 th Aug	Bushenyi		
	Wed 11 th Aug	Marara	SDU UPHOLD	It is intended that at least 2 sub counties
	Thu 12 th Aug	Marara		Visit municipality
	Fri 13 th Aug	Mubende	AIMUPHOLD	Travel to Mubende and meet District Officials as well as UPHOLD and AIM Staff
	Sat 14 th Aug	Mubende		Visit private sector representatives as well as few randomly selected households
Week 3	Sun 15 th Aug	Travel to Luero		
	Mon 16 th Aug	Luero	SDU UPHOLD	
	Tue 17 th Aug	Luero		
	Wed 18 th Aug	Apac	SDU AIM	
	Thu 19 th Aug	Apac		
	Fri 20 th Aug	Lira	AIMUPHOLD	
	Sat 21 st Aug	Travel to Soroti		Compilation of Field Data
				Review of Secondary Data
Week 4	Sun 22 nd Aug	Soroti		Compilation of Field Data
	Mon 23 rd Aug	Katakwi	AIMUPHOLD	
	Tue 24 th Aug	Kamuli	SDU UPHOLD	
	Wed 25 th Aug	Kamuli		
	Thu 26 th Aug	Draft Write Up		
	Fri 31 st Aug	Presentation of Draft Report to ME MS		

The proposed work plan is not considered to be static but will change according to the Consultants' assessment of the situation on the ground. It is therefore not cast in stone but will serve as a general guide though great effort will be made to stay within the framework.

Annex 3

Map of Uganda



Annex 4

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